Tuesday
15th February, 1949

THE CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE) DEBATES

(PART I—QUESTIONS AND ANSWERS)]

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CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE) DEBATES.

(PART I QUESTIONS AND ANSWERS).

Tuesday, 15th February, 1949.

The Assembly met in the Assembly Chamber of the Council House at a Quarter to Eleven of the Clock, Mr. Speaker (The Honourable Mr. G. V. Mavalankar) in the Chair.

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

PURCHASE OF FOREIGN TINNED FOODSTUFFS

*366. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of Food be pleased to refer to the answer to part (b) of my starred question No. 222 asked on the 16th August, 1948, regarding the purchase of tinned vegetables, fruit and milk powder from foreign countries and state whether efforts have been made to procure such articles from India?

(b) Is it a fact that sufficient quantity of tinned vegetables and food products are manufactured in India and sold at cheaper prices than foreign articles?

(c) What was the total quantity of such food products purchased by Government during 1948 and what was the cost thereof?

The Honourable Shri Jairamdas Doulatram: (a) Yes.

(b) No.

(c) The total quantities of tinned vegetables, tinned fruits and milk powder accepted for Defence Services during 1948 were as under:

Tinned vegetables including potatoes.—About 650 tons valued at approximately Rs. 9 lakhs.

Tinned fruit.—About 150 tons valued at approximately Rs. 3 lakhs.

Milk Powder.—About 200 tons valued at approximately Rs. 2 lakhs.

Shri R. K. Sidhva: Arising out of part (b), may I know, Sir, whether the All India Fruit Preservers Association had made representation to the Government that they can supply these tinned fruits in any quantity as they wanted?

The Honourable Shri Jairamdas Doulatram: They had made a representation; but they were not able to come up to the specification of quality required by the Defence Services. We placed an order for 818 tons with them; but they were able to supply only 288 tons of the requisite quality.

Shri R. K. Sidhva: Is it not a fact that they stated that they can comply with the Indian Army specification and if so may I know whether that offer was accepted or rejected?

The Honourable Shri Jairamdas Doulatram: The Health Specialist of the Army tests the quality of the stuff which they accept. They did not accept

that as coming up to the specification. As a matter of fact, we have to pay a higher price for the Indian product. We had to pay five lakhs of Rupees for the 288 tons which we accepted from the Indian manufacturers. For the 363 tons which we had to import from outside, a larger quantity, we paid four lakhs of Rupees.

Seth Govind Das: Are the Government contemplating to stop the import of milk powder from foreign countries?

The Honourable Shri Jairamdas Doulatram: No.

Seth Govind Das: Have they received any representation in this respect from the different dairy farms and different *goshalas* that import of foreign milk powder should be stopped?

The Honourable Shri Jairamdas Doulatram: Yes. But the defence services requirements are for what is called the spray drying process powder; they do not accept what is called roller drying process which is at present used in India. Spray drying processed powder is more soluble in water and therefore the defence services requirements cannot be met from what is produced in this country.

Seth Govind Das: Is there any factory in India which can prepare such milk powder here?

The Honourable Shri Jairamdas Doulatram: Not at present in any large quantity.

Prof. N. G. Ranga: Have the Government of India considered the possibility of starting a factory like that?

The Honourable Shri Jairamdas Doulatram: The Government have not considered.

Shri R. K. Sidhva: Is it not a fact, Sir, that this Association told the Government that they are prepared to give all facilities to the Government if they are prepared to start a factory?

The Honourable Shri Jairamdas Doulatram: In this matter we are entirely in the hands of the Health Specialist of the Defence Department.

Shri H. V. Kamath: Are even such fruits and vegetables imported from abroad, as are grown abundantly in India?

The Honourable Shri Jairamdas Doulatram: No such fruits and vegetables are imported into India by Government.

ISSUE OF LICENCES BY AIR TRANSPORT LICENSING BOARD

*367. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of Communications be pleased to state the procedure adopted by the Air Transport and Licensing Board while considering the applications of various airways companies for grant of licences?

(b) Is the concerned party called in person to explain in case of doubts?

(c) Who holds the licence for Bombay/Bangalore service, when was it granted and since when is the service actually in operation?

(d) What is the total number of passengers carried by the licensee and what is the percentage of passengers carried as compared with the capacity of the planes during the year 1948?

(e) Is it a fact that the Air Services of India refused to accept a provisional licence for the said route? If so, what are the reasons for refusal?

Shri Khurshed Lal (Deputy Minister for Communications): (a) The procedure adopted by the Air Transport Licensing Board for considering the

applications of various companies for the grant of licences for the operation of air services is laid down in Part XIII of the Indian Aircraft Rules, 1937, particularly rules 137 to 148.

(b) Yes, Sir.

(c) A licence for the operation of the Bombay-Bangalore service was granted to Messrs. Ambica Airlines on the 5th June, 1948. The service commenced operation on the 8th July, 1948.

(d) The total number of passengers carried by the licensee during 1948 was 3046. This was 77 per cent. of the capacity of the aircraft operated on the service.

(e) Yes, Sir. The Air Services of India Limited, considered the volume of traffic offering on the route to be inadequate for economic operation having regard to the frequencies already operated on the route by other companies.

Shri R. K. Sidhva: May I know whether any favouritism or consideration was shown by this Licensing Board in granting licence to a particular firm?

Shri Khurshed Lal: No, Sir. The Air Transport Licensing Board is a statutory Board and they conduct their proceedings according to rules.

Shri R. K. Sidhva: May I know whether any official was offered a motor car for the purpose of granting a licence?

The Honourable Mr. Rafi Ahmad Kidwai: That may come out in the proceedings.....

Mr. Speaker: Order order.

Shri R. K. Sidhva: I am putting a direct question, Sir.

Mr. Speaker: The question may be a direct one; but it contains an allegation. The honourable member must hold himself responsible for what he says and he must also remember that the person against whom the allegation is made is not present here.

Shri R. K. Sidhva: His name is not mentioned. It is a fact, Sir, let the Honourable Minister deny it.

Mr. Speaker: If it is a fact, he must go to the Honourable Miniater and ascertain the facts and proceed with the enquiry. It is very easy to spread allegations of various types in this House under cover of the protection which the honourable member and others get. It is not a proper practice to put any question like that unless the honourable member has ample evidence in his possession, has seen the Honourable Minister on the point, and has satisfied himself about the truth or falsehood of the allegation.

Shri R. K. Sidhva: Is it not a fact, Sir, that the Government have taken steps in this direction?

Mr. Speaker: In what direction?

Shri R. K. Sidhva: They have prosecuted somebody.

Mr. Speaker: Then, he may ask that question.

Shri R. K. Sidhva: Has the Government prosecuted any officer of the Licensing Board?

Shri Khurshed Lal: The Secretary of the Air Transport Licensing Board has been prosecuted. The case is *sub-judice*. I cannot say anything more about it, now.

Mr. Frank Anthony: Have any Air Transport licences been cancelled recently?

Shri Khurshed Lal: I do not know.

Pandit Lakshmi Kanta Maitra: In granting licences, what are the conditions that weigh with the Government? What are the factors taken into consideration before a licence is issued?

Shri Khurshed Lal: All that is contained in the Rules.

Pandit Lakshmi Kanta Maitra: What are the conditions? I want to know whether the fact that a particular line is not remunerative is a consideration?

Shri Khurshed Lal: That is one of the considerations which the Air Transport Licensing Board takes into account.

Pandit Lakshmi Kanta Maitra: Is it the policy of the Government that in matters of civil aviation, the Government grants some form of subsidy for such air routes as is done in all countries, particularly the United Kingdom and the United States of America?

Shri Khurshed Lal: No subsidies are granted at present.

Mr. Speaker: Next question.

Babu Ramnarayan Singh: Only one question, Sir. In matters of ascertaining truth about corruption, may I know whether we can get facilities from the Ministries to get at the truth?

Mr. Speaker: Order, order. Next question.

ALL INDIA MAIN WIRELESS CONTROL CENTRE FOR AEROPLANES

*368. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of Communications be pleased to state whether it is a fact that before partition, Karachi civil aerodrome was considered as the main centre for wireless control of movements of aeroplanes for all India?

(b) Is it a fact that the Karachi Wireless station still functions for such purposes for both India and Pakistan?

(c) Do Government, in view of partition, intend to have their own separate All-India Main Centre for wireless control of the movements of aeroplanes for commercial civil aviation?

Shri Khurshed Lal (Deputy Minister for Communications): (a) No, Sir. Karachi was the centre for wireless transmissions from points in India intended for countries in the Middle East only. The messages originating in India and destined for countries in the Far and North East were directed *via* Calcutta.

(b) Messages intended to points in the Middle East are still routed through Karachi. A direct link exists between Bombay and Dahran and a link between Bombay and Cairo will be opened shortly.

(c) For purposes of commercial civil aviation, Wireless networks emanating from a particular airport are planned in consideration of the pattern of air routes served by that airport. A single main centre for wireless movement would not therefore serve the purpose adequately. Based on this principle, Calcutta has been provided with the necessary links with countries in the Far and North East. As stated in reply to part (a), Bombay has already a link with Dahran and it is proposed to connect it with Cairo shortly. It is considered that these links would adequately serve the air routes to the West.

Shri H. V. Kamath: What attempts have been made by the Ministry to obtain the latest and most up-to-date radar apparatus?

Shri Khurshed Lal: Does that arise of this, Sir?

Shri H. V. Kamath: It is to control movements of aeroplanes, Sir, if the Minister knows about it.

Mr. Speaker: Order, order. Next question.

REPORTING BY PUBLIC OF CASES OF CORRUPTION ON RAILWAYS

*369. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of Railways be pleased to state whether it is a fact that at the G. I. P. Railway Advisory Committee meeting held at Kanpur on the 19th October 1948, a member stated that the public and traders would be prepared to report specific and concrete cases of bribery and corruption provided the Chairman guaranteed protection to the giver of bribes?

(b) Is it a fact that the Chairman refused to give such a guarantee?

The Honourable Shri K. Santhanam: (a) Yes.

(b) Yes, for obvious reasons such a guarantee could not be given. After a general discussion of the subject at the meeting, it was, however, agreed that any concrete cases reported by any member of the Local Advisory Committee would be dealt with in such manner as will not place that member in an embarrassing position. A general assurance has also been given to the trading community through the Press that those who assist the Railway in their campaign against corruption will in no way be harassed.

Dr. P. S. Deshmukh: Is there any guarantee for protection available to takers of bribe?

Mr. Speaker: Order, order.

Shri R. K. Sidhva: The Honourable Minister stated that for obvious reasons it could not be given. May I know what these obvious reasons are?

The Honourable Shri K. Santhanam: The reason is he could not give complete immunity for all people who gave bribes.

Shri H. V. Kamath: Was the refusal on the part of the Chairman dictated by the consideration that in law the giving of a bribe is as much an offence as the taking of it?

The Honourable Shri K. Santhanam: Obviously, yes.

Shri R. K. Sidhva: Is it a fact that two members of this Committee—Mr. Shanti Narain and Mr. Hiramanik definitely made definite allegations about corruption before the Committee and the Chairman refused to take any notice of it in view of the promise they wanted that the bribe givers should be exempted and may I know under these circumstances do Government intend to see that public co-operation is forthcoming whether they want to take advantage or not?

Mr. Speaker: Is the question clear to the Honourable Minister?

Shri R. K. Sidhva: May I know whether in view of the two members of the Advisory Committee having made definite statement at the Committee meeting of the G. I. P. Railway Advisory Committee that they are prepared to give evidence to the effect that bribe has been taken and in view of that the Chairman stated that he is not going to give any kind of guarantee for the person who has given bribe, do Government still insist from the public co-operation that they demand.

Mr. Speaker: The honourable member is putting too general a question. If the member of the Committee had made any allegations, the Chairman could not give any general guarantee that the givers of bribes will be exempted.

Shri M. Tirumala Rao: Is there any agency attached to each Railway to detect the crimes secretly and if so, is it working in conjunction with the Railway Police?

The Honourable Shri K. Santhanam: There is a Department attached to each Railway and when cases occur, both departmental action as well as prosecution is taken against the person alleged.

Srijut Rohini Kumar Chaudhuri: Has the Honourable Minister ascertained the legal position whether protected or not, the evidence of the bribe giver will be the evidence of an accomplice?

Mr. Speaker: We are entering into a discussion. Next question.

CLOTH CONTROL POLICY

*370. **Pandit Mukut Bihari Lal Bhargava:** Will the Honourable Minister of Industry and Supply be pleased to state how far the policy in respect of control of cloth announced by the Government of India during the last session of the Legislature has been implemented in the different Provinces and States of India?

The Honourable Dr. Syama Prasad Mookerjee: The policy of control announced in July last had the concurrence of all Provincial and State Governments. All Provincial and State Governments are giving effect to that policy. Under the policy in force at present control over production and ex-mill prices rests with the Central Government while the fixation of retail prices of cloth and yarn within 20 per cent. of ex-mill prices and their distribution to the consumers within their respective jurisdictions are the responsibility of the Provincial and State Governments concerned. All of them have appointed agents to purchase and lift their quotas from production centres and have taken necessary action for the fixation of retail prices. They have also arranged for the controlled distribution of cloth and yarn to consumers through licensed trade channels and Co-operative Societies.

Seth Govind Das: Is it a fact that since the control of cloth, great accumulations of cloth have occurred in various places and what the Government are doing to remove those accumulations?

Mr. Speaker: The matter was answered I believe about four days back. Perhaps the honourable member was not present then.

Shri H. V. Kamath: What steps have been taken by Government to eliminate blackmarketing in cloth which seems to be an inevitable concomitant of control?

Pandit Lakshmi Kanta Maitra: May I ask in the case of Provincial Governments not taking this quota, what was the way by which the mill owner was to dispose of this stock which was earmarked for particular provinces?

Mr. Speaker: I think it would be hypothetical in view of the answer already given and the figures supplied.

Shri R. K. Sidhva: May I know whether he has considered the question of giving more licenses so that stocks could be released?

The Honourable Dr. Syama Prasad Mookerjee: Instructions have been issued to Provincial Governments that they should grant more licenses so that there may not be any accumulation of cloth within the province and I am receiving replies from the Premiers which show that necessary steps are being taken.

Shri B. P. Jhunjhunwala: What is the margin of profit the Government allows in fixing the prices of cloth to mill-owners?

The Honourable Dr. Syama Prasad Mookerjee: According to the Tariff Board Report I think it is about 6 per cent. profit and the usual depreciation charges on the written value of the stocks.

Prof. N. G. Ranga: What has been the experience of the Government with the Co-operative Societies? Have they been able to take all the cloth that has been allotted to them?

The Honourable Dr. Syama Prasad Mookerjee: The experience of Government is of a mixed character.

Seth Govind Das: Is the rumour in the markets that the Government is going to remove this cloth control true in any way?

The Honourable Dr. Syama Prasad Mookerjee: There is no intention to remove the cloth control.

FIXATION OF PRICES OF CLOTH

*371. **Pandit Mukut Bihari Lal Bhargava:** (a) Will the Honourable Minister of Industry and Supply be pleased to state when and on what basis the *ad hoc* prices for super-fine, fine, medium and coarse cloth were fixed by the Government of India?

(b) Why were these prices fixed at a very high level and are Government aware that there is strong resentment among the public against this?

(c) Do Government contemplate to revise these rates and bring them down to a reasonably low level and if so, when and on what basis?

The Honourable Dr. Syama Prasad Mookerjee: (a) The *ad hoc* prices were fixed from the 1st August 1948 simultaneously with the reimposition of control on textiles. The recommendations of the Tariff Board had not been fully examined at that stage. The prices were fixed on the basis of the cotton prices and the costs of production prevailing at that time. They correspond very closely with the Tariff Board's recommendations. Since then, the recommendations of the Tariff Board have been received and prices have been revised in accordance with their recommendations.

(b) I cannot agree that the *ad hoc* prices were unreasonably high, particularly in view of the fact that the prices had to be based on the very high price at which Mills had had to purchase cotton during the period of decontrol.

I am not aware that there is any resentment among the people.

(c) The price of cloth depends largely on the price of raw cotton, and to a smaller extent, on wages, fuel and millstores. The profit element in the prices fixed by the Tariff Board is small and not capable of reduction. A fall in cloth prices will therefore follow only on a fall of raw cotton prices, and wage levels.

Dr. P. S. Deshmukh: Is the Honourable Minister aware that the cotton growers are complaining of unusually low prices as compared with the prices which are charged for the cloth?

The Honourable Dr. Syama Prasad Mookerjee: Will it be relevant?

Mr. Speaker: Yes.

The Honourable Dr. Syama Prasad Mookerjee: I have received some complaints that the ceiling and floor prices of cotton fixed by Government are not quite fair. We have considered the matter very carefully and we do not propose to make any readjustments so far as the present year stocks are concerned but the matter will be examined before the next sowing season starts and we shall consult the Provincial Governments and producers interests as well.

Shri T. A. Ramalingam Chettiar: Is the Government aware that the areas under cotton have been reduced this year?

The Honourable Dr. Syama Prasad Mookerjee: The area has not been reduced but unfortunately the forecast is while about 28 lakhs of bales were expected, we expect about 22 to 23 lakhs of bales only.

Pandit Hirday Nath Kunzru: Are Government already considering proposals for raising cotton prices?

The Honourable Dr. Syama Prasad Mookerjee: No.

Shri H. V. Kamath: Have any representations been received from cotton growers of C.P. and Berar or from C.P. Government in this regard?

The Honourable Dr. Syama Prasad Mookerjee: So far as prices of *Kapas* is concerned, it is not controlled. The control relates to the cotton after it has been ginned. In C.P. *Kapas* is being sold at prices which is considered to be fairly high.

Prof. N. G. Ranga: Is not it a fact that the Indian Central Cotton Committee itself has protested against the present policy of Government in regard to the cotton price?

The Honourable Dr. Syama Prasad Mookerjee: We have received certain representations from the Indian Central Cotton Committee and those have been taken into consideration.

Pandit Lakshmi Kanta Maitra: Is the price of Indian cotton lower than the price of cotton from Pakistan?

The Honourable Dr. Syama Prasad Mookerjee: In Pakistan of course the price is much higher than in India because there is no control in the other Dominion.

Seth Govind Das: Are Government aware that the price of *kapas* depends on the price of cotton?

Mr. Speaker: This is an argument.

Shri Mahavir Tyagi: What is the percent of margin allowed between the cost price of cloth and the market price?

Mr. Speaker: That is what he has stated—six per cent.

Shri Mahavir Tyagi: Between cost price and market price!

The Honourable Dr. Syama Prasad Mookerjee: There is a margin of 20 per cent. between ex-mill price and the price at which consumers pay, and the actual fixation is left to Provincial Governments.

Shri Mahavir Tyagi: Does the whole of this 20 per cent. profit go to the mill-owners or to the selling-agents also?

Mr. Speaker: How can it be?

Shri Mahavir Tyagi: How are the profits distributed between the different categories of middlemen?

Mr. Speaker: I believe the millowner is out of the picture. It is only the further distribution.

Shri Mahavir Tyagi: The millowner also charges some profit over and above his cost price. After the six per cent. twenty per cent. more is left. I want to know where this twenty per cent. goes.

The Honourable Dr. Syama Prasad Mookerjee: So far as the margin between ex-mill price and the actual price fixed within this twenty per cent. is concerned, it is distributed amongst the agents who purchase and lift the stocks from the mills, amongst the agents who receive the stocks within the provinces, amongst the wholesalers and retailers through whom the stocks are distributed.

Shri Mahavir Tyagi: Are these agents appointed by Government or by the mills themselves?

The Honourable Dr. Syama Prasad Mookerjee: No agents are appointed by the mills. The Provincial Governments appoint their agents. With regard to surplus stocks, we propose to allow the mills to appoint their agents subject to previous consultations with the Provincial Government concerned.

Prof. N. G. Ranga: What percentage of the yarn price is accounted for by the price paid for cotton?

The Honourable Dr. Syama Prasad Mookerjee: I cannot give the actual figure, but it will be somewhere between 70 per cent. and 75 per cent so far as the production of yarn is concerned.

Shri T. A. Ramalingam Chettiar: Have Government received the report of the Indian Central Cotton Committee meeting held at the beginning of this month?

The Honourable Dr. Syama Prasad Mookerjee: It has not reached me yet, but I have seen it in the papers.

Shri Sita Ram S. Jajoo: Are Government aware that the movement of cotton and *kapas* is restrioted between certain Indian States and Provinces?

The Honourable Dr. Syama Prasad Mookerjee: That is so. Some provinces and States have put artificial barriers and we have pointed out to them that this should not be so and that there must be freer movement, subject to the general policy enunciated by Government.

Shri T. A. Ramalingam Chettiar: Has not the Indian Central Cotton Committee said that the price fixed for cotton is low and the acreage has gone down?

The Honourable Dr. Syama Prasad Mookerjee: I do not think, Sir, that the acreage could have gone down by the fixation of the price, because this acreage was fixed long before the prices were fixed.

Shri Krishna Chandra Sharma: What is the quantity of surplus stock for which millowners have appointed agents?

The Honourable Dr. Syama Prasad Mookerjee: There is no fixed quantity. Whatever is allotted to a particular province, that province must purchase by the end of the month following, and the surplus left will be sold through agents nominated by mills subject to consultation with the Provincial Government.

ALLOTMENT OF QUOTAS OF CLOTH TO PROVINCES AND STATES.

*372. **Pandit Mukut Bihari Lal Bhargava:** (a) Will the Honourable Minister of Industry and Supply be pleased to state what basis was adopted by the Government of India in allotting quotas of different quantities of super-fine, fine, medium and coarse cloth to the various provinces and states, and what were the quotas of the different qualities of cloth allotted to each of the provinces and states?

(b) Was the basis uniformally adopted on population basis in respect of all the provinces or was any distinction made and if so, on what principle?

(c) Has the scheme for distribution of cloth in various provinces been adopted and brought into force with the approval of the Government of India and if so, are Government aware that some of the provinces have introduced rationing of cloth while others have not?

The Honourable Dr. Syama Prasad Mookerjee: (a) The allotment of super-fine, fine, medium and coarse cloth to Provinces and States is based on the total production of these qualities in the country and each Province and State

is expected to take its requirements in terms of a reasonable cross section of the total production. In the actual allocations made from August 1948 to January 1949 the average percentage of the various qualities of cloth was as follows:

Superfine	5·7
Fine	10·4
Medium	65·0
Coarse	14·3
Fents	4·6

(b) The basis adopted is uniform and no distinction is made in any case.

(c) The internal distribution of cloth in Provinces and States is the responsibility of the Provincial and State Governments who have been left free to decide whether or not any scheme of rationing should be introduced.

MANUFACTURE OF WIRELESS TRANSMITTERS AND RADIO EQUIPMENTS

*373. **Pandit Mukut Bihari Lal Bhargava:** (a) Will the Honourable Minister of Industry and Supply be pleased to state whether there are any factories in India manufacturing wireless transmitters, radio valves, radio equipments, etc.?

(b) If so, how many are there and what is their total annual output and if not, what steps are the Government of India taking to bring into existence such factories?

(c) Are there any proposals before the Government of India to start such factories and if so, will they be State-owned or private?

(d) Are there any negotiations going on with any foreign companies to start such factories in India, and if so, what are those companies and by which date are they likely to commence working?

The Honourable Dr. Syama Prasad Mookerjee: (a) to (c). No, Sir. Only broadcast radio receivers and a few radio components such as transformers, paper condensors and chokes are manufactured by some firms. Four firms are manufacturing radio receivers and their combined output is about 25,000 Units per annum.

Government is exploring the possibility of establishing a State owned factory for the manufacture of wireless transmitters, radio valves, radar equipment excluding domestic receiver sets.

(d) Yes, Sir. Government is negotiating with four foreign concerns for preparing a project report on the establishment in India of a factory for the manufacture of wireless and radar equipment etc. The project report, which is likely to take four to six months to prepare will *inter alia*, deal with the facilities which are necessary for the proper location of the factory, capital cost involved, raw materials required, cost of production etc. It is hoped to enter into agreements in the next 3 or 4 weeks with one or more firms, as considered necessary, for preparing the project report.

Seth Govind Das: Where are these factories to be located? Have any places been fixed?

The Honourable Dr. Syama Prasad Mookerjee: That has not been decided yet.

Seth Govind Das: How many places are under contemplation?

The Honourable Dr. Syama Prasad Mookerjee: No particular place is under contemplation just now.

Prof. N. G. Ranga: Why are they excluding the possibility of manufacturing domestic radio sets in their own factories?

The Honourable Dr. Syama Prasad Mookerjee: We did not wish to compete with private firms which are already doing this kind of work.

Prof. N. G. Ranga: Is any effort being made to get these community sets manufactured by Government?

The Honourable Dr. Syama Prasad Mookerjee: Well, that might be considered. In fact as I have said, we are calling for the detailed project report from one or two firms of repute and all those matters will be considered.

Seth Govind Das: Are Government aware that last year when the Honourable Minister for Communications wanted to establish a telephone factory, Jubbulpore was one of the places where it was contemplated to be fixed? Will Government consider that place again when fixing the places for these factories?

Mr. Speaker: Order, order.

Shri H. V. Kamath: What are the names of the four or five firms that the Honourable Minister said are manufacturing the miscellaneous tit-bits to which he referred?

The Honourable Dr. Syama Prasad Mookerjee: Not miscellaneous!

Shri H. V. Kamath: The little things to which he referred? What are the names of the firms?

The Honourable Dr. Syama Prasad Mookerjee: We have—The Standard Telephones and Cables, London; The Marconi Wireless Telegraph Company, U.K.; The Radio Corporation of America, New York; The Campagnie Generale Telegraphie Sans Fil, Paris.

Shri H. V. Kamath: No Indian firm?

The Honourable Dr. Syama Prasad Mookerjee: I read out names of foreign firms whom we may consult. Shall I read out the eleven names of Indian firms, manufacturing here?

Shri H. V. Kamath: No, four names.

The Honourable Dr. Syama Prasad Mookerjee: They are—The Philips Electrical Co. (I.) Ltd., Calcutta; The I.R.P. Radio Ltd., Calcutta; The Supreme Electrical Engineering Co., Bombay; The Patiala Electronics Ltd., Patiala and several other firms.

Shri H. V. Kamath: Are they all owned by Indians and with Indian capital? Or is foreign capital invested in them?

The Honourable Dr. Syama Prasad Mookerjee: I am not sure whether there is any foreign capital but they are mostly controlled by Indians.

MEASURES TO INCREASE YIELD OF EXISTING CROPS AND IMPORT OF FOODGRAINS

*374. **Shri Upendranath Barman:** (a) Will the Honourable Minister of Agriculture be pleased to state what increase in production Government expect from existing sown area by application of concentrates, green manure, compost and chemical manure, and what would be the probable cost of such an undertaking?

(b) What would be the probable cost of foodgrains intended to be imported to India in the year 1949, for meeting the deficit?

The Honourable Shri Jairamdas Doulatram: (a) It is difficult to calculate the increased yield separately by the application of each kind of manure as this depends on the quantity applied and the nitrogen percentage. On this basis and information given by the Provinces, the additional increased yield of foodgrains from the existing sown area during the year 1st July, 1948 to 30th

June, 1949 is expected to be 5,38,961 tons. The total estimated cost of such an undertaking is likely to be in the neighbourhood of Rs. 5,58,81,696.

(b) Foodgrains worth about Rs. 130 crores are expected to be imported in 1949.

Shri H. V. Kamath: How much land is proposed to be reclaimed during 1949 by the Ministry?

Mr. Speaker: All the relevant figures were given during the debate on food.

WITHDRAWAL OF FRUIT PRODUCTS CONTROL ORDER

*375. **Prof. N. G. Ranga:** Will the Honourable Minister of Agriculture be pleased to state:

(a) when and why the Fruit Products Control Order was withdrawn;

(b) what steps are being taken by Government in its absence to ensure the quality of the products of the fruit preservation and canning industries; and

(c) what steps are being taken to encourage the fruit preservation and canning industries?

The Honourable Shri Jairamdas Doulatram: (a) The Fruit Products Control Order has not been withdrawn but has been renamed as the Fruit Products Order. Experience has shown that the enforcement provisions of this Order can be administered more economically by the Provincial Governments. It has, therefore, been decided to transfer enforcement functions under the Order to the Provincial and State Governments. The responsibility for laying down the standards and for issuing the licences will remain with the Central Government.

(b) Does not arise.

(c) Attention is invited to my reply to parts (a) and (d) of Starred Question No. 284, answered on the 10th February, 1949.

PRODUCTION OF PHOSPHORUS, CALCIUM CARBIDE, CYNAMIDE AND HALOGENATED SOLVENTS

*376. **Prof. N. G. Ranga:** Will the Honourable Minister of Industry and Supply be pleased to state:

(a) why the production of phosphorus, calcium carbide, cynamide and halogenated solvents has not yet been started;

(b) what steps are being taken to start their production; and

(c) whether any plans have been prepared for their development?

The Honourable Dr. Syama Prasad Mookerjee: (a) and (b). Production of these chemicals in India has not been started so far for the following reasons:

Phosphorous.—The demand for phosphorous being only about 150 tons per annum, a small plant will not be an economic unit. However, the question of its production in India is now being examined.

Calcium Carbide.—The chief difficulty in the production of Calcium Carbide is the non-availability of good quality of limestone and low ash coke. Raw materials of similar poor quality were being used in Japan for the production of Calcium Carbide before the war. Facilities are now being offered to some Chemical firms to depute expert to Japan to study their methods of manufacture of carbide for the benefit of the Indian Industries generally.

Cynamide.—The production of Cynamide depends on the availability of cheap Calcium Carbide.

Halogenated solvents.—At present the demand for Halogenated solvents is very small as the organic industries like dyestuffs, plastics etc., are not yet developed.

(c) No.

Pandit Lakshmi Kanta Maitra: With regard to carbide of calcium has Government got any estimate of the requirements of this country of this chemical?

The Honourable Dr. Syama Prasad Mookerjee: I have not got the figure. We know what the requirements are and we are in negotiation with Japan and we propose to send out some experts for the purpose of studying conditions there.

Pandit Lakshmi Kanta Maitra: Have Government considered the desirability of consulting the Norwegian experts on this matter, because that is a product which is specialised in Norway?

The Honourable Dr. Syama Prasad Mookerjee: We are prepared to consider the suggestion. The difficulty is with regard to the poor quality of the raw material available in India. This experiment has been made in Japan and we are already negotiating with some experts there.

Shri R. K. Sidhva: What is Halogenated solvents?

Mr. Speaker: It will be explained to the honourable member outside the House.

INDIAN POWER ALCOHOL ACT

*377. **Prof. N. G. Ranga:** Will the Honourable Minister of Industry and Supply be pleased to state;

(a) when the provisions of the Indian Power Alcohol Act, 1948 will be enforced;

(b) whether the proposed Conference of Provincial and State Governments has been held to advance the process of admixture of power alcohol; and

(c) what assistance is proposed to be given by Government to the Power Alcohol Industry?

The Honourable Dr. Syama Prasad Mookerjee: (a) The Governments of U. P. and Bihar have enacted legislation for the utilisation of Power Alcohol produced in those Provinces. Under these Acts, whatever power alcohol is produced at present is being utilised already. Production at present is 3·54 million gallons against production of 2·20 million gallons last year. Steps are being taken in consultation with the Governments of U.P. and Bihar to frame rules under the Indian Power Alcohol Act. These rules will take care of production, surplus to the needs of the U.P. and Bihar, as it arises. So far as the U.P. is concerned, we hope to notify the central Power Alcohol Act to it within the next 3/4 months. Meanwhile, a scheme for the setting up of mixing plants is being drawn up to meet an anticipated increase to about 12 million gallons over the next two years.

(b) A conference of Governments has not been found necessary so far.

(c) Government are prepared to afford such reasonable assistance as the Industry may ask for. Such assistance in the shape of allotment of steel materials and coal has already been given to various distilleries during the last year. A claim for a reduction of excise duty is now under examination.

Prof. N. G. Ranga: What about the Madras Presidency where also there is an idea for the manufacture of power alcohol?

The Honourable Dr. Syama Prasad Mookerjee: We will examine for plans from the Madras Government.

Dr. P. S. Deshmukh: Are the requirements of the power alcohol industry being met so far as fuel is concerned?

The Honourable Dr. Syama Prasad Mookerjee: As far as possible.

Prof. N. G. Ranga: What percentage of the total molasses available are being utilised so far for the manufacture of power alcohol? Can the Honourable Minister give any idea?

The Honourable Dr. Syama Prasad Mookerjee: I have not got the figures. I think nearly about 60 to 70 per cent. we are utilising already.

Shri B. P. Jhunjhunwala: What is the basis on which these licenses are granted? Have Government got anything in view as to the quantity of production which the different distilleries should manufacture?

The Honourable Dr. Syama Prasad Mookerjee: We want to reach the target of 12 million gallons as soon as possible and while granting licenses we bear in mind the availability of raw materials, transport facilities and so on, in consultation with the provincial governments.

Shri B. P. Jhunjhunwala: If all these things are available, are licenses granted freely or.....

Mr. Speaker: Order, order. The question is hypothetical.

Prof. N. G. Ranga: Will all the molasses available in U.P. and Bihar be utilised by producing the proposed target of 12 million gallons of power alcohol?

The Honourable Dr. Syama Prasad Mookerjee: I believe so.

Shri Sita Ram S. Jajoo: Have any Provinces and States asked for assistance for the production of power alcohol?

The Honourable Dr. Syama Prasad Mookerjee: They have asked for facilities for the supply of raw materials but not financial assistance.

Shri Sita Ram S. Jajoo: Have any Provinces and States asked for assistance that have asked for such assistance?

The Honourable Dr. Syama Prasad Mookerjee: I have not got the names.

Shri H. V. Kamath: In view of the fact that the power alcohol question is related to the petrol problem, may I know if India's share of the world's total production of petrol has increased or decreased of late?

Mr. Speaker: That would be going beyond the question.

Shri H. V. Kamath: It is intimately related to the question.

Mr. Speaker: Next question.

INDIAN INSTITUTE OF FRUIT TECHNOLOGY

*878. **Prof. N. G. Ranga:** Will the Honourable Minister of Agriculture be pleased to state:

(a) when the Indian Institute of Fruit Technology was founded;

(b) how many students have been admitted thereto;

(c) what is the period of the course of training;

(d) whether any scholars from provincial governments are admitted into the Institute;

(e) whether any complaints have been received from students regarding (i) the inadequacy of laboratory equipment, (ii) the fees charged (Rs. 25 per mensem) and (iii) the failure of Government to give diplomas to the students on the completion of their course; and if so, how often;

(f) whether Government have any plans for the improvement of this Institute;

(g) whether Government propose to issue diplomas to the present set of students on the completion of their training; and

(h) whether Government propose to find employment for the trainees in the Fruit Preservation and Canning Industry?

The Honourable Shri Jairamdas Doulatram: (a) A full-fledged Institute of Fruit Technology has not so far been set up and in view of the financial stringency the proposal has been further postponed to 1950-51.

The Non-Muslim Staff of the Research Section relating to Fruit Preservation which was attached to the Agriculture College at Lyallpore in the Punjab was, after the Partition accommodated at Delhi where the Section is functioning since August, 1947. A class for imparting post-Graduate training in Horticulture, Fruit Preservation and allied subjects is being run by the staff in addition to their duties.

(b) Seventeen.

(c) Fifteen months including three months practical training.

(d) Yes.

(e) Yes. On two or three occasions.

(f) Yes. It is the intention of the Government to locate and develop the Institute permanently at Nagpur or some other suitable centre as soon as funds permit.

(g) Diploma will be issued to students who complete the Course.

(h) Yes. The Government will assist the qualified trainees to get suitable employment.

Prof. N. G. Ranga: Are Government satisfied that there is adequate staff in the Research Institute?

The Honourable Shri Jairamdas Doulatram: Government are not satisfied.

Prof. N. G. Ranga: When will Government provide it with adequate staff?

The Honourable Shri Jairamdas Doulatram: As I said, in view of the financial stringency we are not able to set up that Institute on a permanent basis. So we are trying to carry on on a temporary basis.

Prof. N. G. Ranga: Is it not a fact that there are not even lecturers in certain subjects and as a result the scholars are suffering?

The Honourable Shri Jairamdas Doulatram: To some extent the students are suffering. Government will re-examine the matter with a view to improving the staff.

Shrimati G. Durgabai: What is the total number of qualified trainees who are yet to be employed? Are there any women among them and if so, how many?

The Honourable Shri Jairamdas Doulatram: I would not be able to answer that question straightaway.

Export of Handloom Cloth to Soft Currency Areas

*379. **Shri V. C. Kesava Rao:** (a) Will the Honourable Minister of Industry and Supply be pleased to state whether Government have received any representation from the Government of Madras to allow free export of handloom cloth to soft currency areas?

(b) If the answer to part (a) above be in the affirmative, what action has been taken in the matter?

The Honourable Dr. Syama Prasad Mookerjee: (a) Yes.

(b) Government have announced the decision that for a temporary period, which will not extend beyond the 30th June, 1949, licences for the export of handloom cloth will be freely issued subject to a ceiling of 50 million yards to Pakistan and lower ceilings for other areas. In this connection I would refer the honourable member to the Press Note which was recently issued by the Ministry of Commerce. A copy of the Press Note has been placed on the Library table.

Shri V. C. Kesava Rao: Will Government consider the question of helping the handloom industry by permanently permitting free exports of handloom cloth?

The Honourable Dr. Syama Prasad Mookerjee: I do not know whether it will be in the interests of the handloom industry to allow free exports of handloom cloth permanently.

Shri M. Ananthasayanam Ayyangar: May I know how the quantity that has now been permitted to be exported to Pakistan and other countries stands in relation to the quantity that was exported before 1939? Has the Honourable Minister any idea of it?

The Honourable Dr. Syama Prasad Mookerjee: I have not got the figures for 1939.

Prof. N. G. Ranga: Is it a fact that the Pakistan Government had made it clear to the Government of India that the quota that has been fixed for the export of cotton cloth from India is to be restricted only to mill-made cloth and does not include handloom cloth?

The Honourable Dr. Syama Prasad Mookerjee: They have not in any way made such a thing clear yet. But perhaps if the honourable member goes on asking questions they will make it clear tomorrow.

Shri L. Krishnaswami Bharathi: Have Government received any information to the effect that there is a very large stock of handloom cloth lying unsold in Madras?

The Honourable Dr. Syama Prasad Mookerjee: That is why we are taking this step.

Prof. N. G. Ranga: Is it a fact that Pakistan has raised no objection to the export of handloom-woven cloth?

The Honourable Dr. Syama Prasad Mookerjee: We have not received any notice of objection.

Shri M. Ananthasayanam Ayyangar: Is it not a fact that the neighbouring countries both to the east and west of India are dependent on handloom cloth from India and would not this market be diverted if exports are not allowed freely?

The Honourable Dr. Syama Prasad Mookerjee: We would like India also to depend a little more on handloom cloth for her own requirements.

FOREIGN TOURIST TRAFFIC

*380. **Shri V. C. Kesava Rao:** Will the Honourable Minister of Transport be pleased to state what steps are being taken to attract foreign Tourist Traffic?

The Honourable Shri K. Santhanam: The steps immediately considered necessary for the development of foreign tourist traffic are:

(i) improvements in arrangements regarding catering at points of arrival and departure;

(ii) provision of better facilities at important centres in the matter of accommodation, transport, guides, etc.;

(iii) simplification of passport and customs regulations, wherever necessary; and

(iv) publicity in other countries.

An *ad hoc* Tourist Traffic Advisory Committee consisting of officials and non-officials interested in the matter has been set up to make practical recommendations in regard to these matters urgently and also regarding the kind of permanent organisation necessary for the development of tourist traffic. A full time officer will be placed at the disposal of the Committee. The recommendations of the Committee are awaited.

Mr. Homi Mody: Do prohibition in third-class hotels and indifferent accommodation in trains constitute an attraction for tourist traffic?

Mr. Speaker: Order, order.

Shri H. V. Kamath: With reference to the provision of proper amenities and facilities to which the Honourable Minister referred and with which the foreign tourist traffic is intimately connected, has the Honourable Minister's attention been drawn to a slogan raised in the Indian Railway Magazine to the effect that "Mahashivaratri is coming, travel third-class on Indian Railways and attain Heaven"?

Mr. Speaker: Order, order.

Shri M. Tirumala Rao: Does the Ministry of Railways maintain an advertising agency in London still to attract tourist traffic?

The Honourable Shri K. Santhanam: No such agency has yet been started.

Pandit Hirday Nath Kunzru: Are special carriages being built for tourist traffic or will the tourists be expected to be content with the accommodation provided in class I?

The Honourable Shri K. Santhanam: All these matters are under consideration?

Shri Deshbandhu Gupta: Who are the non-official members of the *ad hoc* Committee?

The Honourable Shri K. Santhanam: I require notice of that question.

IMPORT AND MANUFACTURE OF LOCOMOTIVES

*331. **Shri O. V. Alagesan:** (a) Will the Honourable Minister of Railways be pleased to state what is the number of broad gauge and metre gauge locomotives for which government placed orders with the United States, Canadian and United Kingdom firms up till now?

(b) What is the cost of such orders?

(c) How many locomotives, broad gauge and metre gauge, have been delivered so far?

(d) Have Government any proposals for the manufncture of locomotives in India?

The Honourable Shri N. Gopalaswami Ayyangar: (a) to (d). The information required by the honourable member is laid on the table.

STATEMENT

(a) to (c).— Orders for the following locomotives had either actually been placed or were projected at the time of partition :—

Type	No.	Country
Broad Gauge		
XD	6	UK
WP (prototype)	16	USA
CWD	150	Canada
BESA	84	UK
WP	300	UK
XT	10	India (Ajmer Rly. Workshops).
Metre Gauge		
MAWD	33	USA

2. As the delivery schedule quoted by the UK builders for the 300 WP Passenger locos did not suit the urgent need for new locomotives on Indian Railways, enquiries were made in North America. The deliveries promised from Canada and USA were much better and it was decided to place an order for at least 100 WPs in North America. Tenders called in North America however, showed that deliveries could commence in early 1949 and it was finally decided to place an order for 200 WP locos in North America while reducing the number to be ordered in UK from 300 to 200 diverting the capacity for the third 100 WP locos to the manufacture of another type of locomotive.

3. As a result of the Chief Commissioner's tour in Europe and America to seek capacity for the manufacture of locomotives, it was decided that North America should build 200 Ps instead of the 200 already arranged, while UK would build only 100 WG type goods locos.

This reduction of order on U.K. builders was made in view of their delivery dates being postponed and also their quotations being almost the same as for American builders without the advantage of getting early delivery.

4. Thus the final position of the orders placed for new locos since partition is as under. The main consideration for placing orders for the new locomotives was to obtain the quickest possible deliveries consistent with prices being reasonable.—

Number and type of locos.	Orders placed on	Country	Delivery schedule Ex. Works.		Total expenditure expected (in thousands of Rupees)
Broad Gauge :					
60 WP (Pass.)	Montreal Loco Works, Ltd.	Canada	22 locos per month from Feb. 1949		
40 WP (,,)	Canadian Loco Co.	Canada			
100 WP (,,)	Baldwin Loco Works	USA	Feb. '49	10	10,48,97
			Mar.	15	
			April	15	
			May	15	
			June	20	
			July	10	
			Aug.	15	
100 WP (,,)	Joint Canadians	Canada	Aug. '49 to Nov. '49		5,43,40
100 WG (Goods)	North British Loco.	UK	Commencing from Feb. '50 @8 per month for first 50 locos & thereafter 6 per month until completion in Mar. 1951.		5,38,08
Metre Gauge :					
120 YG (Goods)	Baldwin Loco. Works	USA	July '49	2	
30 YG (,,)	Vulcan Iron Works	USA	Aug.	29	
			Sep.	31	6,39,79
			Oct.	31	
			Nov.	26	
			Dec.	21	
30 YP (Pass.)	Baldwin Loco. Works	USA	June '49	10	90,57
			July '49	10	

Narrow Gauge:				
12 ZE (Goods) . .	Corpet, Lonvet & Cie.	France	2 p.m. from June '50	[26,64*
8 ZB (Pass.) . .	" " "	France	2 p.m. from Dec. '50]	] 14,24*

*Estimated.

5. In addition to the above, orders had already been placed for the following locos, as given in para 1 :—

No. & type of locos	Orders placed on	Country	Delivery schedule Ex-Works.	Total expenditure expected (in thousands of Rupees.)
Broad Gauge:				
6 XD (Goods) . .	Vulcan Foundry .	UK	Expected at Madras during week commencing 16-1-1949.	15,24
150 CWD (") . .	Canadian Loco—60 Montreal Loco—90	Canada	Aug. '48 4 Sep. 18 Oct. 27 Nov. 29 Dec. 29 Jan. 49 26 Feb. 17	5,00,36
84 BESA (Pass.) . .	Vulcan Foundry .	UK	3 per week from Dec. '49.	2,98,42
16 WP (") .	Baldwin . .	USA	All recd. by Dec. '47 (Old order).	74,60
10 XT (Shunting) .	BB & CI (Ajmer) .	India	1 put into service, 1 under erection. Balance, 1 every two months.	
Metre Gauge:				
33 MAWD (Goods) .	Baldwin . .	USA	All recd. by Dec. '48	89,01

6. Thus the total number of locos on order abroad on 1-1.1949, including the MAWD locos which were still being placed on line. were 640 BG, 203 MG. and 20 Narrow Gauge.

Of these locos, 13 BG and 33 MG locomotives have arrived in India since 1st April 1948. (These do not include 16 WP locos received by December 1947). A further 126 BG engines are expected to be received by the 31st March 1949, the total receipts in 1948-49 being 139 BG and 33 MG locos. During 1949-50 a further 337 BG and 170 MG locos are expected to be received from abroad.

7. The allotment of these new BG and MG locos ordered abroad has been made as under :—

Railway	B.G.	M.G.
Assam	—	—
BB & CI	48	33
BN	126	—
EI	249	—
EP	35	—
GIP	136	—
MSM	31	34
OT	—	72
SI	20	64
	640	203

No allotment has yet been made of the Narrow Gauge locos.

8. Of the balance, 164 BG and 16 NG locomotives are expected to be delivered in India during 1950-51 and the remaining 4 N. G. locos during 1951-52.

(d) *Mihijam Shops.*—Consequent on the announcement in June, 1947 of the proposed constitutional changes and pending the Boundary Commission's award, orders were issued to suspend all constructional work at Kanchrapara. Though as a result of the Boundary Commission's award Kanchrapara North, the site selected for Locomotive Building Work-

shop, fell in India, the Government decided that a workshop of this importance should not be located close to the frontier. It was, therefore, decided that the new workshop should be located at Mihijam in West Bengal. Indents for machinery and Plant have already been placed.

The scheme is estimated to cost approximately Rs. 14 crores. The workshop is designed for the manufacture of 120 steam locomotives and 50 additional boilers per year. It is hoped that the smaller shops for the manufacture of component parts of the locomotives together with adequate number of quarters for the workmen and the staff likely to be employed in these shops will be ready by early 1950 and that the Main Assembly Shop for the manufacture of locomotives complete, will be ready by early 1951.

Singhbhum Shops.—This shop was sold to Messrs. Tatas on the 1st June, 1945 who have entered into an agreement with the Government for the manufacture of 50 locos and 50 additional boilers per annum in this shop. An order for 100 loco boilers was placed on this Firm, out of which 56 have been completed upto the 6th January, 1949.

TELCO have recently intimated that their buildings will be completed and the Loco Plant and Machinery received at site by December, 1951 from which date they would be in a position to start manufacture of locos. They anticipated that the first loco would be turned out by December, 1953.

Shri O. V. Alagesan: Have Government applied to the International Monetary Bank for purchasing railway equipment like locomotives, rails, etc.?

The Honourable Shri N. Gopalaswami Ayyangar: I do not think the Bank sells engines or locomotives.

Shri O. V. Alagesan: For a loan?

RESTORATION OF DISMANTLED RAILWAY LINES IN MADRAS

***382. Prof. N. G. Ranga:** Will the Honourable Minister of Railways be pleased to state:

(a) what are the dismantled railway lines which the Government of Madras have recommended to be restored at their interview with him on the 20th December, 1948;

(b) whether it is a fact that the Government of Madras have also made representations against the removal of 'deckings' on the Krishna and Pennar bridges; and

(c) whether Government have taken any decisions regarding the matters referred to in parts (a) and (b) above and if so, what these decisions are?

The Honourable Shri N. Gopalaswami Ayyangar: (a) At the meeting held on 28th December, 1948, the Government of Madras recommended the restoration of the Shoranur-Nilambur and Madura-Bodinayakanur Railway lines.

(b) Yes.

(c) The question of guarantee payable by the Madras Government in the event of the Shoranur-Nilambur line being restored is under consideration. It was agreed at the meeting that the traffic prospects of restoring the entire Madura-Bodinayakanur section should be worked out afresh.

As regards the Madras Government's representation that the road decking on the Kistna and Pennar bridges should not be removed, the matter is still under consideration.

Shri M. Tirumala Rao: Have not the Madras Government recommended the restoration of the Cocanada-Waltair railway line which was dismantled during the war?

The Honourable Shri N. Gopalaswami Ayyangar: I do not think so.

Dr. P. S. Deshmukh: Is the Honourable Minister trying to instil a new spirit in regard to projects for construction of new lines, since he has taken office?

The Honourable Shri N. Gopalaswami Ayyangar: I am trying to instil such spirit as I can in conjunction with the Central Board of Transport.

Shri T. A. Ramalingam Chettiyar: May I ask what decision was taken regarding the restoration of the Dharmapuri-Hosur railway line?

The Honourable Shri N. Gopalaswami Ayyangar: The question of restoration of these various lines which were dismantled sometime ago is being examined, and the entire set-up of such lines in the Madras Province will come up for consideration before the Central Board of Transport soon.

Production and Export of Vegetable Oils

*383. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of Agriculture be pleased to state the installed and crushing capacity of factories for vegetable oil products in various provinces, and what is their total production in a year?

(b) In which provinces are new factories being installed and when are they expected to be completed?

(c) What will be the production from the new factories?

(d) What is the estimated annual consumption of vegetable oil products in the country?

(e) Are vegetable oil products allowed to be exported out of the country and if so, to which destinations and how much during the last year?

The Honourable Shri Jairamdas Doulatram: Presumably by crushing capacity the honourable member means planned capacity.

(a) The total installed and planned capacity in the various Provinces and States is as under:

Province	*Installed capacity*	*Planned capacity*
1. Bombay	108,500 tons.	116,000 tons.
2. Delhi	13,500 ,,	13,500 ,,
3. United Provinces	42,470 ,,	42,470 ,,
4. West Bengal	23,000 ,,	53,000 ,,
5. Orissa	..	7,500 ,,
6. Madras	4,900 tons	52,900 ,,
7. C. P. and Berar	..	16,500 ,,
8. Bihar	4,960 tons	4,960 ,,
Total	197,330 tons.	306,830 tons.
States		
1. Mysore	4,800 tons.	4,800 tons.
2. Cochin	1,200 ,,	1,200 ,,
3. Baroda	12,000 ,,	12,000 ,,
4. Saurashtra	9,000 ,,	21,000 ,,
5. Junagadh	..	7,500 ,,
6. Madhyabharat	..	10,500 ,,
7. Kolhapur	..	3,000 ,,
8. Patiala & East Punjab States	..	3,000 ,,
Total	27,000 tons.	63,000 tons.
Grand Total	227,330 tons.	369,830 tons.

The total production in 1947 was approximately 95,000 tons and in 1948, 129,000 tons.

(b) New factories are being installed as under and most of them are expected to be completed by the end of 1949.

1. West Bengal.	6
2. Orissa	1
3. C.P. and Berar	2
4. Madras	10
5. Bombay	3

(c) The increased production from the new factories is expected to be 145,530 tons per annum.

(d) It is difficult to give an accurate estimate, but the Vanaspati Advisory Committee set up by Government in 1945 estimated total requirements by 1950 at 240,000 tons for internal consumption in United India, 35,000 tons for industrial purposes and 50,000 tons for export. Adding an extra 15 per cent. to allow for the difference between maximum capacity and actual produotion the Committee recommended a target production of 400,000 tons. The annual internal consumption of Vanaspati for India alone may not be put at about 200,000 tons excluding that required for export and industrial purposes.

(e) Yes, only to a limited extent as the production is not adequate. The quantities exported in 1948 were:

Pakistan	700 tons.
Persian Gulf Sheikhdoms	75 tons.

Seth Govind Das: Are Government contemplating to do something by which this vegetable ghee may be distinguished from the ordinary ghee? Is any research being made in this respect?

The Honourable Shri Jairamdas Doulatram: Yes, efforts are being made in that direction. But I do not think there is any question of vegetable ghee. There is difference between Vanaspati and ghee. And as honourable members are aware, various steps have been taken to make adulteration difficult.

Prof. N. G. Ranga: Is it not a fact that Government have stated that they are conducting investigations into the utility or otherwise of Vanaspati and pending that they would stop any further expansion of this industry?

The Honourable Shri Jairamdas Doulatram: That is so and the factories functioning are those in respect of which Government have committed themselves. The Government declaration was that beyond those to which they have made a commitment there would be no further expansion of the industry.

Seth Govind Das: Is it a fact that no licences for fresh factories will be given as far as vanaspati production is concerned?

The Honourable Shri Jairamdas Doulatram: That is so.

Prof. N. G. Ranga: Have Government given any notice to such of the licensees who have not yet taken any steps to start any factory?

The Honourable Shri Jairamdas Doulatram: Notices have been given. In the case of some the applications were rejected and the rest have been informed.

Shri H. V. Kamath: Have Government by law prohibited the use of the description 'vegetable ghee' which is in fact a misnomer for vegetable oil?

The Honourable Shri Jairamdas Doulatram: Yes.

Shri Raj Bahadur: Is it not a fact that all attempts to prevent adulteration of pure ghee with Vanaspati ghee have totally failed?

Mr. Speaker: Order, order. It is a question of opinion.

Pandit Thakur Das Bhargava: Is it a fact that Government ordered that 5 per cent. of sesamum oil should be mixed with Vanaspati before it is sold?

The Honourable Shri Jairamdas Doulatram: Yes.

Pandit Thakur Das Bhargava: Is it a fact that this is more violated in practice than.....

Mr. Speaker: Order, order.

Shri S. V. Krishnamoorthy Rao: What is the result of enquiry as to the food value of Vanaspati?

The Honourable Shri Jairamdas Doulatram: The scientists have not yet given us the final report. It is expected they will complete their investigations by the middle of 1949.

Pandit Lakshmi Kanta Maitra: May I know whether, for the manufacture of these hydrogenated edible oils known as Vanaspati, Government has prescribed the category of special vegetable oils which would be suitable and nutritious for this purpose?

The Honourable Shri Jairamdas Doulatram: There are certain specifications for the purpose of manufacturing hydrogenated oil, and also a rule that a certain amount of sesamum oil has to be mixed to prevent adulteration.

Seth Govind Das: Are the Government contemplating to stop this hydrogenation of vegetable products?

The Honourable Shri Jairamdas Doulatram: This matter has been considered and discussed. Government have not yet come to a decision.

PRODUCTION OF GLYCERINE

†*384. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of Industry and Supply be pleased to state the quantity of Glycerine produced in the country in various provinces?

(b) Have any new Glycerine Recovery Plants been installed during 1948? If so, what is their capacity and what is the total investment thereon?

(c) Is the country self-sufficient so far as Glycerine is concerned? If it is importing or exporting the same, what is the quantity and total value of the imports or exports as the case may be.

The Honourable Dr. Syama Prasad Mookerjee: (a) During 1948, 2,000 tons of refined glycerine were produced in Bombay and 150 tons in U.P. Glycerine is not produced in any other province at present.

(b) No new plant was installed during 1948.

(c) India's requirement is met from indigenous sources and there is no import of glycerine. In 1948, an export quota of 350 tons was fixed for crude glycerine (80 per cent.). No refined glycerine was exported.

MALPRACTICES IN PRODUCTION OF BOILED RICE

*385. **Dr. V. Subramaniam:** (a) Will the Honourable Minister of Food be pleased to state whether Government are aware that Millowners, who are generally the whole-sale dealers, while converting paddy into boiled rice, in order to have increased weight, soak the paddy for too long a time never changing the water, boil it more than necessary, hull it before it is dry and then stock and supply it to the ration shops with a bad smell and in clotted condition?

(b) Has it been brought to the notice of Government that by doing so, often large stocks get rejected thereby increasing the food shortage?

(c) Do the district authorities take any undertaking from the millers that they will produce rice of a quality that Government require?

† Answer to this question laid on the table, the questioner having exhausted his quota.

(d) If not have Government any arrangement to cancel the licence of the miller and for the management of the mills to be taken over by the District Magistrate of the District as an emergency measure to supply good rice and avoid wastage?

The Honourable Shri Jairamdas Doulatram: (a) Reports of such complaints have been received by the Governments of the provinces of Madras, Bihar and Assam.

(b) The fact has not been brought to the notice of the Central Government. Government is inquiring into the matter with a view to effective steps being taken in regard to milling process.

(c) and (d). The millers are required under the license issued to them to offer for sale rice of a standard specification laid down by the Provincial Governments and either the price is cut or rice rejected if it does not satisfy the specification or the licence cancelled.

A statement showing the action taken by the Provinces in the event of rice of standard quality not being offered, is laid on the table of the House.

Statement

showing action taken by Governments if rice offered for sale does not answer the standard specifications

C. P.—Deductions are made for deviations from the tolerance limits prescribed for the various quality factor. The Government have authority to cancel or suspend the licence issued to rice mills under the Rice Mills Licensing Order, 1943. There is no arrangement at present to take over the management of a mill by the District authorities nor has such a necessity so far arisen.

Orissa.—Mills are controlled under the Orissa Rice Mills Licensing Order, 1943 and continuance of the mills in the trade depends on the ability to maintain standard. Although powers exist, no occasion has arisen to cancel the licence of a miller or take over the management of a mill.

Madras.—Either a cut is made in the prirce of rice or the stock is rejected. The Madras Rice Mills Licensing Order provides for the cancellation of the licences. But mills are not taken over by Government.

East Punjab.—Licensee of dealers or rice millers are cancelled.

Bihar.—The Government have issued Quality Control Instruotions and suitable action is taken to prevent bad milling of rice.

Assam.—Action against rice millers who do not comply with the Qualities Standard Order is taken by suspension or cancellation of their licenses under the Assam Foodgrains Control Order.

U. P.—Hulling takes place under the supervision of Government staff and delivery of rice from the hullers is taken strictly in accordance with the quality specifications fixed by Government. If the quality is inferior heavy deductions are made. Government can also suspend or cancel the licence.

There is no arrangement for taking over the management of rice mills by Government but there are enough hullers to take over the work of any one whose licence has been suspended or cancelled.

West Bengal.—Deductions in prices are made for rice not up to Government specification. Licences of mills found corrupt or otherwise delinquent can also be cancelled under the Provincial Rice Mills Control Order. Government can also take over management of rice mills if circumstances justify such a course.

Prof. N. G. Ranga: How do Government account for the very bad smell and bad quality of rice that is being actually supplied to the consumer, in the light of the precautions taken by Government?

The Honourable Shri Jairamdas Doulatram: As I have said there are areas where the proper methods are not being used and Government are taking steps to see that those methods are used there.

Prof. N. G. Ranga: Have Government any inspection staffs to visit these factories, where this boiled rice is prepared, from time to time in order to see that they follow the proper methods?

The Honourable Shri Jairamdas Doulatram: That is for the Provincial Governments to arrange.

Shri H. V. Kamath: In connection with the reorientation of their food policy, do Government propose to prohibit the milling and polishing of rice?

The Honourable Shri Jairamdas Doulatram: Government have sent instructions preventing the polishing of rice.

STOCKING OF CENTRAL RESERVE OF FOOD GRAINS

*386. **Dr. V. Subramaniam:** (a) Will the Honourable Minister of Food be pleased to state whether Government are aware that the Central Reserve of grains kept in provinces get damaged owing to careless storage, storage for a long time and delayed distribution?

(b) If so, what are the steps taken to preserve and distribute the grains in time if the custodian finds any traces of degeneration?

(c) What is the approximate tonnage of such stocks condemned as unfit for human consumption?

(d) What are the directions issued by the Government of India to the provinces in this matter?

The Honourable Shri Jairamdas Doulatram: (a) Yes, the grain gets occasionally damaged owing to long storage and delayed distribution.

(b) To prevent this damage technical staff has now been appointed at Bombay, Manmad and Calcutta depots which are directly under the charge of the Central Government. The depots in the Madras region, *i.e.*, at Madras, Vizagapatam and Coimbatore are managed by the Provincial Government who have engaged their own technical staff. Cochin depot is managed by the State Government. The technical staff carries out disinfestation operations such as fumigation, dusting of gammexane. The stocks are inspected every fortnight and quantities which are in danger of degeneration if stored for longer time are issued out.

(c) The approximate tonnage is 5½ thousand tons out of a total 28 lakh tons imported. Out of 5½ thousand tons, 3,062 tons were of maize which could not be distributed from Bombay in time in April, 1948 as several provinces did not want to use this grain. A statement is laid on the table of the House giving details for each grain at each depot.

(d) The directions issued are—to disinfest the godowns before storage, to disinfest the bags, to fumigate the grain if infested, to carry out fortnightly inspection of the stocks and to make issues on the basis of the condition of the grain.

Statement showing approximate tonnage of grains condemned as unfit or human consumption during the years 1947-48 and 1948-49.

Place	Grains	Period	Quantity condemned in tons	Remarks
Madras Region	Rice	1947-48	2	
	Maize	,,	18	20 tons received in damaged condition out of which 18 tons found unfit.

Place	Grains	Period	Quantity condemned in tons	Remarks
	Milo	1947-48	15	130 tons received in damaged condition, out of which 15 tons found unfit.
	Rice	1948-49	10	
Calcutta	Wheat	1947-48	88·67	88·5 tons damaged due to sudden rainfall
	Milo	,,	·08	
	Rice	1948-49	1·37	
Bombay	All Food grains	1947-48	35·75	
	Maize	1948-49	5062·5	As recipients had no demand for maize and it was fast deteriorating in storage it had to be disposed of for cattle feed and for industrial purposes.
	Wheat	,,	53	Sweepings from docks and godown.
	Barley	,,	54·5	
	Milo & mixed grain	,,	64	
	Rice	,,	24·5	
Shortage due to deterioration			55 tons.	
Manmad	Wheat	1948-49	35 tons.	
			5430·37	

Prof. N. G. Ranga: Has the loss been decreasing in the light of experience Government have been gaining during the last six years in storing food grains?

The Honourable Shri Jairamdas Doulatram: I think it is about the same.

Prof. N. G. Ranga: Then what is the advantage that Government have been gaining by maintaining a special staff for proper storage and carrying on researches during the last six years?

The Honourable Shri Jairamdas Doulatram: This loss of about 5,000 tons was due to the quality of maize which we had received, and because it was not of good quality and Provinces did not want to take it, it naturally deteriorated. That was the reason for the higher figure last year.

SUPPLY OF BAD RICE TO SOUTH INDIAN STATES

*337. **Shrimati Dakshayani Velayudhan:** (a) Will the Honourable Minister of Food be pleased to state whether Government are aware that rice allotted to some South Indian States is unfit for human consumption?

(b) Have Government received any representation from any of the States about the continuous supply of a very bad variety of rice to that State by the Centre?

(c) Are Government aware that the people of those States express great resentment at their failure to get good rice from the Centre?

(d) What steps do Government propose to take to see that good rice is supplied to those States?

The Honourable Shri Jairamdas Doulatram: (a) to (d). Presumably the honourable member is referring to supplies made to Travancore and Cochin. The bulk of the rice supplied to them is of good quality. Representations have been received from these States about the quality of certain consignments of rice to them. One complaint referred to a consignment of glutinous Siam rice and the other was about certain quantities of broken rice from Pakistan which were sent to these areas. Government greatly regret having to send such rice anywhere but in present circumstances there is no help. As the Honourable

Member is aware, our allocations from the International Emergency Food Committee meet only a portion of our requirements. We have to import some quantity from Siam. The Siam rice has to contain 15 per cent. of the variety known as glutinous, i.e., sticky in cooking, and this quality of rice is sent to all the countries. It is sweeter and softer than ordinary rice, but it is not unhealthy. Considering our relatively great deficit in rice, it is not advisable to refuse to buy any quantities of edible rice which can be obtained at reasonable prices, The alternative would be that even less acceptable grain like maize will have to be supplied instead. The Rice supplied to deficit areas must therefore include a portion of the less popular types, but it is not correct to assume that these qualities go only to the Southern States. The distribution of available supplies is primarily made on considerations of transport and that is why Travancore and Cochin get most of their supplies of rice from imports. The position has undergone an important change since Partition; the more acceptable types of rice from what is now Western Pakistan are no longer freely available to us and supplies now have got to be mostly from imported rice.

Prior to 1946 when allotments to Madras were very small,—and these were years when rice imports from abroad were negligible,—Government used to meet part of the requirements of Travancore and Cochin from the surpluses of C.P. and Orissa by allocating part of these surpluses to Madras as exchange quota for Travancore and Cochin. Madras used to release an equal quantity for Travancore and Cochin from nearer sources. The position has since changed in the following respects:

(i) Madras itself is now depending on the Centre for very large allocations;

(ii) Imports from abroad have increased considerably; and

(iii) The surpluses from C.P. have decreased. The exchange quota arrangements had to be discontinued in the changed circumstances. Besides, in order to meet Travancore and Cochin's requirements, no other arrangements than those by which supplies are given direct from the ships at Cochin and other convenient ports, would prove more satisfactory.

(*b*) WRITTEN ANSWERS

MANUFACTURE OF SYNTHETIC OIL FROM COAL

***388. Shri B. N. Munavalli:** (a) Will the Honourable Minister of Industry and Supply be pleased to state whether the technicians of the firm named Messrs. Kopper and Company Inc. of Pittsburgh, United States of America, engaged in investigations in India as to the possibilities of manufacture of synthetic oil from coal, have submitted a report to the Government of India?

(b) If so, do Government propose to place a copy of that report on the table of the House?

The Honourable Dr. Syama Prasad Mookerjee: (a) The Firm have submitted a Preliminary Report.

(b) The Report contains description of certain Processes and includes some Blue Prints and designs for which "Patent" rights have yet to be taken out. It cannot, therefore, be made public at this stage.

BHUBANESWAR AS A HALTING STATION FOR CALCUTTA—MADRAS AIR SERVICE

***389. Shri Lakshminarayan Sahu:** Will the Honourable Minister of Communications be pleased to state:

(a) whether Government propose to make Bhubaneswar aerodrome a halting station for the daily air service between Calcutta and Madras and if so, when; and

(b) whether Government propose to have a direct air line between Bhubaneswar and Delhi?

Shri Khurshed Lal (Deputy Minister for Communications): (a) There is at present an air service operated by Airways (India) Limited between Calcutta and Bangalore *via* Madras, which calls at Bhubaneswar on three days of the week. The frequency of this halt will be progressively increased as the traffic to and from Bhubaneswar justifies it.

(b) There is no such proposal at present.

KALINGA AIR LINES

*390. **Shri Lakshmi Narayan Sahu:** Will the Honourable Minister of Communications be pleased to state:

(a) who finances the Kalinga Air lines; and

(b) what interest the Government of India have in this concern and what the functions of this company are?

Shri Khurshed Lal (Deputy Minister for Communications): (a) Kalinga Airways is a privately owned company managed by a Board of Directors.

(b) Government of India have no interest in this Company. The Company is at present engaged in operating charter and other non-scheduled flights.

MEASURES TO CHECK SPECULATION IN COTTON

*391. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of Industry and Supply be pleased to state whether Government have fixed floor and ceiling prices of cotton to avoid speculation and if so, what are the prices?

(b) Has Dr. Thomas made a report as to how speculative sales or purchases are to be controlled and if so, what are those recommendations and do Government intend to implement them?

(c) Have Government any proposal to control the speculative tendencies of Cotton Exchange?

(d) Do Government intend introducing legislation to check frivolous Hedge and Forward contracts of cotton?

The Honourable Dr. Syama Prasad Mookerjee: (a) Yes, Sir. A copy of the Notification No. TCS-1/48, dated the 1st September, 1948, fixing floors and ceiling prices of cotton is placed on the table.

(b) The report referred to by the honourable member is in regard to regulations of speculation in stock Exchanges and has nothing to do with regulations of speculations in any controlled commodities.

(c) and (d). Cotton is a controlled commodity. Under the Indian Cotton (Control) Order, 1945 and the Notifications and Press notes issued thereunder speculation by the medium of cotton options has been banned. Forward (Hedge) Trading in cotton is also banned except in the official ring of the East India Cotton Association, Bombay, and that too within the Floors and Ceilings fixed by the Government and in conformity with the conditions mentioned in the 'General Permission' under the Indian Cotton (Control) Order, 1945, No. TCS-1/48, dated the 1st September, 1948.

GOVERNMENT OF INDIA

MINISTRY OF INDUSTRY AND SUPPLY

OFFICE OF THE TEXTILE COMMISSIONER

NOTIFICATION

Bombay, the 1st September, 1948

General Permission under the Indian Cotton (Control) Order, 1945

No. TCS-1/48.—In pursuance of Clause 5 of the Indian Cotton (Control) Order, 1945 and in supersession of the Notification of the Textile Commissioner No. 214-T.A./45 (ii), dated the 19th January, 1946, I hereby declare that subject to the provisions of paragraph

2 below of this Provision the following contracts relating to the cotton of the year 1948-49 or earlier seasons shall be excluded from the Provisions of the said order, namely :—

(i) Ready Contracts,

(ii) Delivery Contracts : that is to say Forward Contracts for Kapas or Cotton (full-pressed, half-pressed or loose) of specific qualities or types and for specific delivery at a specified price, delivery orders, railway receipts or bills of lading against which Contracts are not transferable to third parties.

(iii) Hedge Contracts : that is to say Forward Contracts entered into by members of the East India Cotton Association Limited entitled to the use of the Clearing House of the Association where such Contracts are made in accordance with the rules and by-laws of the Association in the official markets of the Association.

2. (1) Nothing in this Permission shall apply in relation to any Contract for the sale or purchase of any cotton of the description specified in Columns 1 and 2 of the Schedule hereto annexed wherein the price stipulated is less than the floor price specified in Column 3 of the Schedule or more than the ceiling price specified in Column 4 of the Schedule, as applicable to the subject-matter of the Contract having regard to the place of delivery :

Provided that where the cotton, the subject-matter of the Contract, is of a quality either inferior or superior to the basic referred to in Columns 1 and 2 of the Schedule, the floor or the ceiling price shall be decreased or increased as the case may be by an amount specified in columns 5 to 7 of the Schedule.

(2) Every Contract in which the final price is not named shall be read as if the following clause were inserted therein : "The price payable shall be within the range of the floor and ceiling prices under the Schedule to the textile Commissioner's General Permission No. TCS-1/48, dated the 1st September, 1948".

(3) Nothing in this permission shall apply in relation to any contract of sale by a cotton textile mill.

3. (1) The prices specified in the Schedule are in Rupees per candy of 784 lbs. nett for delivery in full-pressed bales ex-seller's godown, Bombay, and include ¼ per cent. brokerage payable by the seller to the buyer and the usual sample and stone allowances.

(2) The floor and ceiling prices shall be the floor and ceiling prices specified in the Schedule reduced by the sum equivalent to the freight from the place of origin to Bombay and Rs. 10 per candy and increased by the sum, if any, equivalent to the railway freight from the place of origin to the place of delivery to the buyer and Rs. 10 per candy.

Explanation.—Place of origin means the railway station nearest the Press Factory where the cotton was pressed.

(3) Where any Contract is made with reference to a standard of weight other than the candy of 784 lbs., the ceiling and floor prices applicable thereto under sub-paragraph (2) above shall be as increased or reduced, as the case may be, in proportion.

4. For the purposes of this Permission,

(a) "Jarilla" means cotton from any place in the District of Nasik or of East and West Khandesh in the Province of Bombay, Central Province and Berar, Central India, or any of the States of Hyderabad, Gwalior, Jhalawar, Pratabgarh and Sirooj or in Chhabra or Pirawa Parganas of Tonk State; and includes "Verum", "Cambodia", "Buri", "Farm", "Upland", "Gaorani", "Parbhani Seed" and "American Seed".

(b) "Broach" means cotton from any place in the district of Kaira or Broach or Panch Mahals (excluding Ankleshwar Taluka) in the Province of Bombay or in any of the States of Balasinor, Baria, Cambay, Chhota Udepur, Lunawada, Jambughoda, Kadan Mandwa and Vajiria, Bhaderwa, Baroda District of Baroda State and Talod; and includes "Farm", "Vijay", "B.D. 8", "B. 9" and "1007".

(c) "Surti" means cotton from any place in the Ankleshwar Taluka of the Broach District, or in the Surat District of the Province of Bombay or the Nawapur Taluka of the West Khandesh District or in any of the States of Rajpipla, Sachin, Bansda or Dharampur or in the Navsari District of the Baroda State.

(d) "R. G. American description" means cotton from any place in the East Punjab Province, or in any of the States of Faridkot, Jind, Malerkotla, Nabha, or Patiala.

(e) "Dhollera" means cotton other than Kalagin and Muttia from any place in Kathiawar, or in any State of the Former Western India States, or in the district of Ahmedabad in the Bombay Province, or in Mehsana or Amreli

Districts of Baroda State or in Cambay State or Vaktapur Taluka of the former Gujrat States or Petlad; and includes "1027", "Kadi/Viramgaon", "Kadaya" and "Vagad".

(f) "Kalagin" means cotton other than Dhollera and Muttia from any place in Kathiawar.

(g) "Bengal Deshi" means cotton from any place in the East Punjab, or the United Provinces, Rajputana or any Indian State in any of these areas.

(h) "Oomra Deshi" means cotton from any place in Berar and C. P., Khandesh Districts in the Bombay Province, Central India. or from Burhanpur, Barwaha, Harda, Khandwa, Sanavad, and includes cotton known as Muttia in Kathiawar.

(i) "Coompta" means cotton from any place in any of the districts of Dharwar, Belgaum, Bijapur or Satara in the Bombay Province or in any of the States of Jath, Aundh, Phaltan, Kolhapur, Sangli, Miraj Senior, Miraj Junior, Kurundwad Senior, Kurundwad Junior, Savannur, Jamkhandi. Mudhol, Ramdurg, Mysore (excluding the districts of Mysore and Bangalore) or from the Raichur Protected Area in Raichur District of Hyderabad State; and includes "Farm", "Jawari", and "Jaywant".

(j) "Upland" means cotton from any place as given above for Coompta; and includes "Farm".

(k) "Westerns" means cotton from any place in Bellary, Anantpur, and Cuddapah districts, or in Pattkonda Taluka or Kurnool District of Madras Province or Raichur District (excluding Raichur Protected area) or Gulbarga District in the Hyderabad State; and includes "Farm", "Bagalkot" and "Jaywant".

(l) "Cambodia" means cotton from any place in any of the districts of North Arcot, South Arcot, Coimbatore, Salem, Trichinopoly (including Puddukotai State, Madura, Ramnad, Tinnevelly, Chittoor and Chingleput in the Madras Province; and includes "Farm" and "Avanashi".

(m) "Karunganni" means cotton from any place in any of the districts of Coimbatore, Madura, Ramnad and Tinnevelly in the Madras Province; and includes "Tinnevelly".

(n) "C. P. I, C. P. II and Central India" means cotton from Central Provinces (exeluding Nimar and Hoshangabad districts); Yeotmal district; Morsi (Chief Centre Warud) and Chandur (Chief Centre Dhamangaon) talukes of Amraoti district of Berar; Central India (except Bundelkhand States and Rewa State); Jhalawar, Mewar and Partabgarh States and Siroj, Chhabra and Pirawa Parganas of Tonk State of Rajputana and includes Malvi.

SCHEDULE

Description of Cotton	Basic staple length inches	Basic Floor Price Rs. per candy	Basic Cultivation Price Rs. per candy	"Off" and "On" Allowances for class other than basic class						"Off" allowances for staple below basic staple		"On" Allowances for staple above the basic staple			
	1	2	3	4			5			6		7			
				Good F.	Good	Fine	S. Fine	Extra S. Fine	Choice	2/32"	1/32"	1/32"	2/32"	3/32"	4/32"
				Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Jarilla	25/32"	495	620	..	5	Basis	5	15	25	35	20	20	40	60	..
Broach	3/4"	475	600	..	5	Basis	5	10	15	25	20	20	40	60	80
Vijay— E. D.8 E. 8 1027 Broach farm	3/4"	525	650	..	5	Basis	5	10	15	35	20	20	40	60	80
Surat	7/8"	590	715	..	5	Basis	5	10	15	30	15	20	40	60	80
4FP/AM RG	3/4"	525	650	..	5	Basis	5	10	15	35	20	20	40	60	80
L S P/Am R G	13/16"	565	690	..	5	Basis	5	10	15	25	20	20	40	60	80
289 F E/Am R G	7/8"	625	750	..	5	Basis	5	10	15	35	20	20	40	60	80
Comptah	7/8"	575	700	..	5	Basis	5	10	15	35	20	15	35	50	65
Upland	13/16"	525	650	..	5	Basis	5	10	15	35	20	20	40	60	80
Westerns	13/16"	500	650	..	5	Basis	5	10	15	35	20	15	35	50	65
Cambodia	7/8"	595	720	..	5	Basis	5	15	25	50	25	40	80	80	100
Karungani	13/16"	525	650	..	5	Basis	5	10	15	35	20	20	40	60	80
Dholleras	3/4"	..	570	..	5	Basis	5	10	15	35	20	20	40	60	80
Kalagin	3/4"	..	570	..	5	Basis	5	10	15	30	15	20	35	50	65
Bengal Deshi	..	..	445	20	Basis	20	40	60	..	..	..	..	..	..	..
Oomra Deshi	..	..	495	..	..	Basis	20	40	60	..	..	..	..	..	..
CPI and CPH and Central India	5/8"	..	495	..	5	Basis	5	15	25	..	20	25	45	55	..

BOMBAY;
1st September 1945.

T. P. BAHAT,
Textile Commissioner.

CRASH OF AN I. N. A. AEROPLANE IN KASHMIR

*392. **Shri Brajeshwar Prasad:** (a) Will the Honourable Minister of Communications be pleased to state whether any passenger plane belonging to the Indian National Airways crashed in Kashmir on the 16th January, 1949?

(b) What was the cause of the disaster?

(c) How many persons were killed?

(d) Have compensations been paid by the Indian National Airways to the dependents of the victims?

Shri Khurshed Lal (Deputy Minister for Communications): (a) A passenger plane belonging to Dalmia Jain Airways crashed in Kashmir on the 16th January, 1949.

(b) According to a preliminary report of investigation of the accident, it appears that the pilot encountered exceptionally bad weather conditions and the aircraft flew into the side of the mountain on the east side of the Banihal Pass through the pilot miscalculating his position. There is also the possibility that icing conditions affected the control of the aircraft. The aerodromes at Srinagar and Jammu, from where the aircraft last took off, are under the operational control of the Royal Indian Air Force. The cause of the accident is under enquiry and the question whether on the basis of the information about weather conditions, the Aerodrome officer should have prevented the aircraft from proceeding, can be determined after the enquiry has been completed.

(c) Thirteen.

(d) As far as Government is aware, no compensation has so far been paid, but Dalmia Jain Airways are covered by insurance against risks to passengers, and claims by persons who may be entitled to compensation will no doubt be considered when lodged. The Government have no liability for payment of compensation.

EXPENDITURE ON AND EXPANSION OF CIVIL AVIATION

*393. **Dr. P. S. Deshmukh:** (a) Will the Honourable Minister of Communications be pleased to state what was the amount set apart for civil aviation work during the years 1947-48 and 1948-49?

(b) How much of this amount has been spent, for what purpose was it spent and at what places?

(c) Have Government any plan for expansion of civil aviation?

(d) If so, do Government propose to lay a copy of their plan on the table of the House?

Shri Khurshed Lal (Deputy Minister for Communications): (a) and (b). The amounts originally set apart for Civil Aviation work during the years 1947-48 (post-partition) and 1948-49 were Rs. 2,67,27,000 and Rs. 6,22,82,000 respectively. These were however subsequently revised to Rs. 3,31,53,000 and Rs. 4,98,00,000. Information in regard to the actual amount spent is not available as the accounts for these years have not yet been finally closed. Two statements, one showing the distribution of the estimated expenditure for these two years under the various Schemes and the other showing the expenditure incurred on capital works at various aerodromes during the year 1947-48 and upto the 31st December, 1948 are laid on the table of the House. The expenditure on civil aviation activities other than capital works is incurred on an All-India basis and it is not possible to give figures for each place separately.

(c) and (d). Post-war plans for the development of Civil Aviation in India were formulated by Government in 1945-46. Copies of these plans are available in the library of the House.

STATEMENT I

Expenditure incurred on capital works during the year 1948.

Serial No.	Name of Work	Grant sanctioned	Expenditure incurred upto December, 1948
	WORKS SANCTIONED AND IN PROGRESS.		
	Calcutta (Dum Dum)		
1	Provision of Steel hangars at Dum Dum (construction of 4 temporary hangars)	4,00,000	1,33,533
2	Construction of new car park at Dum Dum	54,100	37,945
3	Conversion of existing war time barracks into residential accommodation at Dum Dum	3,60,400	1,67,633
4	Providing woven wire fencing at Dum Dum	29,800	125
5	Providing electric supply and internal installation in A. W. D. hangar No. 6 & 7	19,600	
	Bombay (Santa-Cruz)		
6	Development of southern operational area (a) Cutting of hills, levelling of sites etc. Rs. 2,15,000 (b) Approach Road Rs. 72,000	2,87,000	29,539
7	Provision of steel hangars at Santa-Cruz (Providing hangars with apron and taxi.tracks).	7,50,000	4,71,166
8	Land acquisition	10,00,000	..
9	Temporary Control Building (providing temporary accommodation for Terminal and passenger facilities in steel hangar)	1,52,100	1,14,366
10	(a) Sinking of Tulsi Pipe Line (b) Diverting Trolley Tracks	3,00,000	17,045
11	Additions and alterations to existing buildings to provide a Yellow Fever Hospital	30,700	17,697
12	Conversion of temporary barracks into residential accommodation	4,07,100	3,36,266
13	New Water Supply Scheme for operational area at Santa-Cruz	18,700	1,300
	Delhi (Palam)		
14	Providing staff quarters, hangars, administrative buildings etc., (Providing and erecting Mississippi Hangar including cement concrete apron at Palam)	1,56,000	9,424
	Allahabad		
15	Strengthening of runway, taxi-track and remodelling French drains at C. A. Allahabad	6,00,000	
	Lucknow		
16	Land acquisition and fencing	2,50,000	..
17	Providing one steel hangar at Lucknow	3,00,000	867 upto Sep. 48
	Ahmedabad		
18	Erecting one steel hangar (S.W.P.) at C.A. Ahmedabad	96,000	78,955
19	Land acquisition and fencing	14,16,000	19,677
20	Extension of existing apron at Ahmedabad	21,500	14,634
21	Construction of restaurant building including furniture	37,700	8,132
	Delhi (Safdarjung)		
22	Providing steel hangars at Safdarjung	46,500	8,396

Serial No.	Name of Work	Grant sanctioned	Expenditure incurred upto December, 1948
	Madras		
23	Erection of two steel hangars	3,00,000	96,544
24	Providing fencing at Madras	14,600	11,113
25	Completion of parking apron at Madras	1,89,700	1,80,527
26	Land acquisition at Madras	5,40,000	..
27	Improvement to drainage of existing runway at Madras (construction of a bund across valley)	41,500	6
	Nagpur		
28	Construction of Radio Range at Nagpur	10,000	..
29	(*a*) Land acquisition	5,00,000	1,548
	(*b*) Fencing	58,500	33,892
30	Providing alternative power supply from Nagpur Electric Supply Co. to the Aerodrome	30,000	..
	Nagpur		
31	Extension to the Canteen Building	31,900	18,619
	Gaya		
32	Providing wireless masts, lighting including electric supply at Gaya	23,100	..
	Jharsuguda		
33	Land acquisition	70,500	..
	Saharanpur		
34	Extension to C.A. T. C. (*a*) Construction of building etc. at C.A.T.C. (*b*) Additions and alterations to technical residential accommodation	1,26,700	1,03,163
	General		
35	Land acquisition and fencing at various aerodromes (*a*) Land	51,00,000	..
	(*b*) Fencing	5,00,500	1,94,026
36	Preliminary expenditure in connection with the new Civil Aerodromes	10,000	5,463
	Calcutta		
1	Construction of a runway parallel to the existing N-S runway at Dum Dum	6,00,000	2,99,450
2	Lighting of runway at Dum Dum	500	..
3	Construction of permanent residential accommodation with internal and external services	3,00,000	304
	Bombay		
4	Providing patent wire fencing around the operational area of Civil Aerodrome (Santa-Cruz)	30,000	28,010
5	Aerodrome lighting for runways	500	..
6	Construction of permanent residential accommodation with internal and external services	50,000	..
7	Construction of W. T. station with all services.	3,000	..
8	Construction of Receiving Station with all services	2,000	..

Serial No.	Name of Work	Grant sanctioned	Expenditure incurred upto December, 1948
	Bombay		
9	Construction of Radio Range for E.W. Runway (b) Electrification of above	50,000 10,000	41,625
	Delhi		
10	Construction of permanent residential accommodation with internal and external services.	1,00,000	300
11	Construction of a new power house in place of existing Lahore shed at Palam	10,000	..
12	Construction of Radio Receiving Station at Palam	10,000	..
	Allahabad		
13	Lighting of runways	500	..
14	Construction of W. T. station with all services	10,000	..
15	Additions and alterations to the existing structures to the Bamrauli (Allahabad) aerodrome for the O.A.T.C.	2,00,000	..
16	Construction of Wireless Receiving Station with all sevices	10,000	..
	Lucknow		
17	Providing domestic accommodation at Lucknow	50,000	..
18	Construction of permanent terminal building	10,000	..
19	Construction of W. T. station with all services	10,000	..
	Ahmedabad		
20	Construction of staff quarters for C.A. staff	50,000	..
21	Construction of permanent terminal and control building.	500	5,208
22	Construction of W. T. Station with all Services	10,000	..
23	Construction of Receiving station with all services	10,000	..
	Madras		
24	Providing hangars, staff quarters, at Madras (construction of residential accommodation at Madras)	1,60,000	95,544
25	Construction of 2nd floor and additions and alterations to Administrative Buildings	1,00,000	34,503
26	Construction of W. T. station with all services	4,000	1,466
27	Construction of Receiving station with all services	10,000	..
	Nagpur		
28	Providing domestic accommodaton	1,00,000	211
29	Construction of permanent terminal building	10,000	..
30	Construction of W. T. station with all services	5,000	..
31	Construction of Receiving Station with all services	5,000	..
	Benares		
32	Construction of permanent residential accommodation	1,00,000	..
33	Construction of permanent terminal building	10,000	..
	Patna		
34	Construction of permanent residential accommodation	10,000	..
35	Construction of permanent terminal building	10,000	..

Serial No.	Name of Work	Grant sanctioned	Expenditure incurred upto December, 1948
	Bagdogra		
36	Construction of permanent residential accommodation	1,00,000	465
37	Construction of permanent control building	10,000	..
	Construction of temporary accommodation	..	20,908
	Gauhati		
38	Construction of W. T. Station and construction of receiving station	30,000	..
39	Construction of residential accommodation	1,50,000	399
	Gauhati		
40	Development of aerodrome (construction of runway 4500' long with taxi-tracks, apron and one S.W.P. hangar)	1,50,000	55
41	Construction of permanent terminal building	10,000	
	Amritsar		
42	Office building (construction of pemanent terminal building)	10,000	..
1	Construction of Sri Ramesh Mittra Road	50,000	..
2	Providing electric supply and internal installation in butler hangar	28,000	..
3	Construction of W. T. Station at Bagjola.	30,000	..
	Bombay		
4	Construction of permanent terminal building at Santa-Cura including development of site and external services	50,000	
	Delhi (Palam)		
5	Lighting for runways	500	
	Allahabad		
6	Providing furniture for Civil Aviation Training Centre	1,00,000	
	Delhi (Safdarjung)		
7	Improvements to drainage at C. A., New Delhi	50,000	..
8	Providing sanitary arrangements in the building in the old area of Civil Aerodrome.	77,300	..
9	Additions and alterations to barracks at Willingdon Air Station	63,600	
	Mangalore		
10	Construction of new aerodrome	600	..
	General		
11	Construction of a Central Research Laboratory, at Delhi	50,000	..
	A2 Minor Works	9,87,000	4,49,010
	A3 Aerodrome Maintenance, equipment	10,43,000	1,42,743
	A4 Est. of tools and plants	32,00,000	..
		2,25,00,000	
	B. Meteorological works	23,400	..
	B2. Est. of tools and plants	4,200	..
		2,26,80,600	31,89,779

STATEMENT II

Estimated expenditure on Civil Aviation activities during the year 1947-48 (post partition period) and 1948-49.

	Estimated expenditure during 1947-48 (post partition period)	Estimated expenditure during 1948-49
	Rs.	Rs.
CIVIL AVIATION		
Direction and Inspection	13,53,500	25,39,800
Aerodrome and Air Route Service	11,93,500	27,64,200
Aeronautical Communication Service	22,15,000	44,55,000
Grants for Aviation purposes	3,90,700	6,25,000
Works	44,11,800	59,76,000
Aeronautical Training and Education	10,09,500	26,80,000
Special services and Miscellaneous expenditure	10,000	22,000
Civil Aviation Repair Establishment	3,000	..
Charges in England	1,08,000	2,38,000
TOTAL	1,07,85,000	1,93,00,000
CAPITAL OUTLAY ON CIVIL AVIATION		
Aviation works	1,07,04,000	2,25,00,000
Meteorological Works	6,000	30,600
Equipment	51,58,000	74,69,400
Investment in Air Transport Companies	65,00,000	..
TOTAL	2,23,58,000	3,00,00,000
GRAND TOTAL	3,31,53,000	4,93,00,000

Expenditure incurred on Capital Works during the year 1947-48

Serial No.	Name of Works	Grant sanctioned	Expenditure incurred 15.8.47 to 31.3.48	Expenditure 1.4.47 to 14.8.47
		Rs.	Rs.	Rs.
	Bombay			
1	Provision of steel hangars Providing temporary hangars with necessary apron and taxi tracks at Santa Cruz	2,95,100	2,73,106	7,24,056
2	Cutting hill levelling the site etc. at Santa Cruz Aerodrome (Development of Southern Operational area)	60,000	59,719	
3	Land acquisition for the development of Santa Cruz	2,00,000		
4	Temporary Control Building Santa Cruz Providing temporary accommodation for terminal and passenger facilities in steel hangar	80,000	82,198	..
5	New water supply scheme for technical are and new apron at Santa Cruz	47,300	28,285	6,000
6	Conversion of Temporary buildings Santa Cruz Providing temporary domestic accommodation and providing accommodation to provide a yellow fever hospital at Santa Cruz	1,59,000	68,700	..

Serial No.	Name of Works	Grant sanctioned	Expenditure incurred 15-8-47 to 31.3.48	Expenditure 1-4-47 to 14-8-47
	Ahmedabad			
7	Erection of steel hangars at Ahmedabad in the necessary apron	25,000	36,955	..
8	Land and fencing at C.A. Ahmedabad	75,000	..	..
9	Providing W. Gauge woven wire fencing at Civil Aviation Ahmedabad	10,000	4,529	..
10	Modification to the buildings at C.A. (Completion of R.A.F. Restaurant building at C.A.)	40,700	20,892	26,337
11	Extension of existing apron at C.A. Ahmedabad	20,000	19,127	
12	Providing obstruction lights on mill chimneys at C.A. Ahmedabad	15,000		
	Nagpur			
13	Land acquisition at Civil Aerodrome at Nagpur	1,30,000	4,048	..
14	A/A to Canteen building at Nagpur	11,000	6,177	2,26,650
	Madras			
15	Extension to Ground floor of Administrative building at St. Thomas Mount	57,900	23,345	2,26,250
16	Completion of Parking apron in front of Admin. building at St. Thomas Mount	20,000	17,652	
17	Land acquisition at St. Thomas Mount	67,900	..	
18	Fencing and landing ground at St. Thomas Mount	15,000	2,635	
19	Erection of 4 steel hangars at St. Thomas Mount	50,000	66,304	
20	Providing hangars, staff quarters and first floor of Admin. Building at St. Thomas Mount (Const. of residential accommodation at St. Thomas Mount)	25,000		
21	Improvement to drainage of the existing runways at St. Thomas Mount	5,000		
	Delhi			
22	Providing steel hangars at W.A.S. (erection of Mississippi hangar at C.A. New Delhi)	1,32,000	61,840	35,959
23	Providing staff quarters, hangars administrative buildings etc. at Palam (Providing a steel hangar at Palam)	1,00,000	1,01,469	
24	Providing additional office block for I.N.A. at C.A. at W.A.S. New Delhi	4,100	2,814	4,607
25	Providing fencing at Palam Airfield	57,100	45,631	5,390
	Saharanpur			
26	Extension to the C.A. Training Centre (Const. of buildings at C.A. Training Centre)	30,000	10,363	311
27	A/A to technical and residential buildings and construction of additional residential accommodation at Civil Aviation Training Centre	35,000	37,284	..

Serial No.	Name of Works	Grant sanctioned	Expenditure incurred 15-8-47 to 31-3-48	Expenditure 1-4-47 to 14-8-47
	Calcutta			
28	Provision of steel hangar at Dum Dum (Construction of 4 Nos. temporary hangers at Dum Dum)	1,82,000	1,87,148	
29	Runways and Taxi Tracks (Constructing a second runway Dum Dum)	50,000	50,755	..
30	Modifications to War Department buildings at Dum Dum	1,18,000	61,110	..
31	Providing fencing at Dum Dum	16,000	16,000	..
32	Provision of electric supply for A.W.D. hangar Nos. 6 and 7 at Dum Dum	42,100	22,536	..
	Vizagapatam			
33	Providing fencing and boundary pillars	15,000	12,748	..
34	Construction of residential accommodation at Vizagapatam	15,000	..	..
	Cochin			
35	New Landing ground	7,000	..	..
36	Land acquisition and fencing Allahabad	60,000	..	..
	Lucknow			
37	Land acquisition and fencing	1,00,000	..	..
	General			
38	Other expenditure on extensions etc. at various aerodromes and landing grounds	7,11,000	4,048	
39	Preliminary expenditure on extensions etc. at various aerodromes and landing grounds	16,900	8,920	
40	Purchase of 8 Callendar Hamilton hangars from Disposal Directorate	3,52,000	2,39,350	..
41	A.2 Minor works	3,94,000	2,18,050	..
42	A.3. Aerodrome Maintenance equipment	12,70,000	13,26,482	..
43	A.4. Establishment of T. & P. charges	7,93,000	5,49,722	..
	B. *METEOROLOGICAL WORKS*			
44	B. 1 Minor works	2,860	1,875	..
45	B. 2 Establishment and T & P charges	440	201	..
	GRAND TOTAL.	59,12,400	36,72,008	10,30,910
	Total for 1947-48 =	36,72,008 10,30,910		
		47,02,918		

CONSTRUCTION OF NEW RUNWAYS

*394. **Dr. P. S. Deshmukh:** (a) Will the Honourable Minister of Communications be pleased to state whether any new runways are proposed to be built?

(b) If so, where and what is the cost proposed to be incurred?

Shri Khurshed Lal (Deputy Minister for Communications): (a) Yes, Sir.

(b) New runways are proposed to be constructed at Calcutta (Dum Dum), Gauhati, Ajmer, Mangalore and Siliguri (Bagdogra) within the next two years. It is estimated that an expenditure of Rs. 90·5 lakhs will be incurred on the construction of these runways.

PATENTS TAKEN UNDER INDIAN PATENTS AND DESIGNS ACT

*395 { Shri Lakshminarayan Sahu
Shri Brajeshwar Prasad
Shri Satis Chandra Samanta
Sardar Hukam Singh }

Will the Honourable Minister of Industry and Supply be pleased to state:

(a) the number of those who have represented to the Government that relief should be given to owners of patents who were prevented from exploiting their patents on account of the war or the abnormal circumstances during the Post-war period; and

(b) the number of patents taken under the Indian Patents and Designs Act, 1911 which are about to expire or which expired recently?

The Honourable Dr. Syama Prasad Mookerjee: (a) Four patent agents, one firm and one individual have represented to the Government that relief should be given to these classes of patents. The patent agents represent the interests of a large number of patentees; about 90 per cent. of all applications are filed by these agents.

(b) About 926 patents are about to expire or have expired recently.

DEVELOPMENT OF BALASORE PORT IN ORISSA

*396. **Shri Lakshminarayan Sahu:** (a) Will the Honourable Minister of Transport be pleased to state the present condition of the Port of Balasore in Orissa?

(b) Will Government consider the question of developing it for merchant shipping?

The Honourable Shri N. Gopalaswami Ayyangar: (a) Balasore being a minor port administered by the Government of Orissa, no information about its present condition is available with the Government of India.

(b) No. The port has neither sufficient depth of water nor other facilities to warrant its development for commercial purposes.

GUNNY BAGS LYING UNUSED IN JUTE FACTORIES AND ORDNANCE INSTALLATIONS

*397. **Shri Biswanath Das:** Will the Honourable Minister of Industry and Supply be pleased to state:

(a) whether it is a fact that a large surplus of gunny bags to the extent of a few crores, intended to be used as sand bags during the war, are lying unused in certain jute factories of Calcutta and also in certain Ordnance Installations;

(b) if so, the total number of such bags as also the number in each jute mill and Ordnance Installation and the present condition of such bags;

(c) how many of these bags belong to British disposals which were purchased by India; and

(d) the rate at which these are purchased from the mills, the rate at which they were purchased from British disposals and the rate at which these are offered for sale?

The Honourable Dr. Syama Prasad Mookerjee: (a) and (b). Fifty-nine million sand bags were reported by the Defence Authorities in 1946 for disposal, including 39 million unproofed and 16 million proofed sand bags. The entire quantity of 39 million of unproofed sand bags has been sold. Of the 16 million rot-proofed bags, 13·1 million have been sold. There are now 29 lakhs rot-proofed sand bags lying with some jute mills in Calcutta. 1,85,000

unproofed bags are also lying at the Naval Stores Depot, Avadi. The exact quantity of gunny bags lying with various jute mills separately is not readily available.

The condition of the bags is reported as serviceable.

(c) All these bags originally belonged to British Disposals. They along with other stores, were acquired by the Government of India from H.M.G.

(d) The Ministry of Industry and Supply have not purchased any gunny bags after the last War. During the War, the prices paid were Rs. 11 to Rs. 12/4/- per 100 bags ordinary and Rs. 14/6/- to Rs. 15/4/- per 100 rot-proofed bags.

As stated above, these bags formed part of the bulk purchased from the British Disposals and hence separate rates of purchase for them are not available.

The quantities for disposal are being advertised for sale with a guarantee for export—unproofed bags at a reserve price of Rs. 15 per 100 bags and the rot-proofed at Rs. 13 per 100.

MANUFACTURE AND IMPORT OF RAW FILMS AND OTHER ACCESSORIES

*398. **Shri Arun Chandra Guha:** (a) Will the Honourable Minister of Industry and Supply be pleased to state whether any raw films for cinematograph are manufactured in India?

(b) If not, what steps do Government intend to take to foster this industry?

(c) What other film accessories are manufactured in India?

(d) What is the price and quantity of raw films and other film accessories imported into India?

The Honourable Dr. Syama Prasad Mookerjee: (a) No, Sir.

(b) Government will be prepared to render necessary technical assistance in connection with the importation of plant, foreign exchange, construction of factory to those enterprises who propose to start manufacture of raw film for cinematograph purposes.

(c) None, except simple spare parts for recording and reproducing machines.

(d) A statement is laid on the table of the House.

STATEMENT

	Quantity		Value in Rs.	
	1947-48	1948 April-November	1947-48	1948 April-November
Cinema talkie apparatus and equipment				
Cinema Projecting apparatus and parts and accessories			62,07,947	25,84,717
Sound recording apparatus and parts and accessories			84,63,968	17,01,235
Cinematograph films Raw (length in feet)	174,200,351	70,000,630	79,96,320	34,35,605
†Total			226,68,235	77,21,557

† Exclusive of import of Cinematograph films exposed accounting for 15,088,317 feet and 8,701,362 feet in length in 1947-48 and April to November 1948 valued at Rs. 19,98,280 and Rs. 21,36,195 respectively.

SLEEPING BERTHS IN SECOND CLASS COMPARTMENTS

*399. **Shri P. Kunhiraman:** (a) Will the Honourable Minister of Railways be pleased to state whether it is a fact that, while a certain number of sleeping berths are provided for Class II passengers of some railways and trains this amenity is not yet extended to a few other Railways and trains?

(b) If the answer to part (a) above be in the affirmative, what are the reasons for making this distinction?

The Honourable Shri K. Santhanam: (a) and (b). On all Indian Government Railways except the Assam Railway, arrangements have been made for the provision of sleeping accommodation in Class II in as many long distance trains as possible. That the Assam Railway has not so far been able to make similar provision is due to an acute shortage of rolling stock, but steps are being taken to see what can be done to remedy matters in this respect. The extension of Class II sleeping arrangements to more trains is a matter which Indian Government Railways have been directed to keep under constant review in the light of experience gained and of public demand.

INTRODUCTION OF NIGHT AIR MAIL SERVICE

*400. **Shri R. K Sidhva:** (a) Will the Honourable Minister of Communications be pleased to state whether night air mail service between Delhi, Bombay, Calcutta, Madras and Nagpur have been introduced from 1st February, 1949 and if so, what are the terms on which the service has been undertaken and which Company has undertaken it?

(b) Have Government given any subsidy to the Company or made any financial commitment?

(c) How many Companies were consulted and has the Company which now operates given the most favourable terms?

(d) What are the charges for carrying parcels?

(e) Are passengers allowed to fly by these night planes and if not, why not?

The Honourable Mr. Rafi Ahmad Kidwai: (a) Indian Overseas Airlines Limited commenced operation of night airmail services between Delhi, Bombay, Calcutta and Madras *via* Nagpur on the 30th January, 1949. I lay on the table a statement giving the terms of operation.

(b) No subsidy is being given by Government to the company nor is there any financial commitment beyond that mentioned in the statement of terms.

(c) Government had been considering for some time the possibility of conveyance of air mails between the four principal cities of India by services operated during night. Under their instructions, the Director General of Posts and Telegraphs investigated the question after getting the reactions of some Air Operating Companies. When, as a result of these investigations, Government felt satisfied that the scheme was feasible, they requested the Air Transport Licensing Board to grant a licence to the Indian Overseas Airlines Limited which had offered very favourable terms. The Board in accordance with the prescribed procedure, circulated the scheme to all the Companies in India and invited them to put forward their views at a meeting held on the 29th January. None of the Companies excepting the Indian Overseas Airlines Limited was prepared to operate the services on the terms proposed, on the ground that it would be uneconomic.

(d) The charges paid to the company for carrying air parcels are the freight rates approved by the Air Transport Licencing Board for the direct routes, less 1.5 per cent.

(e) Passengers are not allowed to fly by these night services, since the aerodromes on the routes over which these services operate are not yet equipped to the standard required for the carriage of passengers from the point of view of safety.

STATEMENT

1. The services shall start from the four cities (Delhi, Bombay, Madras and Calcutta) at about 9 P.M. every day, reaching Nagpur by about 1 A.M. and leaving Nagpur by about 2 A.M. arrive at the four terminal stations by about 6 A.M.

2. The Posts and Telegraphs Department will make available to the services to carry—

(a) such air mails as in their opinion could, with advantage, be sent by them on the routes mentioned, and

(b) all air parcels to places served by the services. The services will also be free to carry freight but will not be permitted to carry passengers.

3. The rate for the carriage of air mails will be the rate approved, from time to time, by the Air Transport Licencing Board (the current rate is Rs. 1-8-0 per lb.) and this rate will also cover the conveyance charges payable to the company for transmission by all connecting services operated by the same company.

4. The rates for the carriage of air parcels will be the rates approved by the Air Transport Licensing Board for the carriage of freight for the direct routes, *less* 25 per cent.

5. The rates for the carriage of freight will be those approved by the Air Transport Licencing Board.

6. The Posts and Telegraphs Department will not guarantee any minimum load either in respect of air mails or of air parcels for the carriage by the services.

BOMBAY TELEPHONE WORKSHOP

*401. **Shri R K. Sidhva:** (a) Will the Honourable Minister of Communications be pleased to state when the Bombay Telephone Workshop was started and what kinds of articles and equipments are manufactured in this workshop?

(b) What is the total number of articles manufactured by this workshop during the last five years, each year separately?

(c) Is it a fact that Government contemplate to close down this workshop and if so, why?

Shri Khurshed Lal (Deputy Minister for Communications): (a) In 1917-18. This Workshop manufactures manual telephone switchboards, including trunk switchboards, Private Branch Exchanges, cords and various parts required for telephone instruments and switchboards.

(b) A statement is laid on the table of the House.

(c) No.

Statement showing the principal items manufactured during the past five years.

1944-45	29 switchboards and 75 P.B.Xs. for 2,616 lines and 24,394 cords.
1945-46	50 switchboards and 83 P.B.Xs. for 5,286 lines and 52,759 cords.
1946-47	8 switchboards and 29 P.B.Xs. for 1,246 lines and 41,078 cords.
1947-48	24 switchboards and 80 P.B.Xs. for 1,770 lines and 85,201 cords.
1948-49	140 switchboards and 533 P.B.Xs. switchboards with a total capacity of 29,721 lines and 97,946 cords.

CIVIL OR MILITARY STORES SUPPLIED TO JAMMU AND KASHMIR

*402. **Prof. K. T. Shah:** (a) Will the Honourable Minister of Industry and Supply be pleased to state what is the value of the Civil or Military Stores supplied to the Government of Jammu and Kashmir?

(b) Were any tenders invited for the supply of such stores and other requirements of the Government of Jammu and Kashmir sent from this country?

(c) Has any payment been made by the State Government for any such stores supplied by the Government of India?

(d) What measures, if any, are adopted to recover the amount outstanding on account of stores supplied to the Government of Jammu and Kashmir?

The Honourable Dr. Syama Prasad Mookerjee: The question should have been addressed to the Honourable Minister of States. It has accordingly been transferred to the list of questions for 17th February, 1949 when the Honourable Minister of States will answer it.

DELAY IN TRANSIT OF SURFACE MAIL TO U. S. A. AND U. K.

*403. **Shri Ari Bahadur Gurung:** (a) Will the Honourable Minister of Communications be pleased to state whether Government are aware of the complaints from the Press and the public, about the delay now occurring in the despatch to and receipt in the United States of America of surface mail from India?

(b) How many days does it take for surface mails to reach the United States of America and the United Kingdom from Bombay?

(c) What are the reasons for the delay of nearly two months, and do Government propose to take any steps in the matter?

Shri Khurshed Lal (Deputy Minister for Communications): (a) No. Government have not seen any complaints in the press about this matter, but a couple of complaints from individual members of the public have been received.

(b) Normally about 22 to 31 days to the U.S.A. and 18 to 21 days to the U.K. from Bombay.

(c) There are at present no regular scheduled sailings between India and the U.S.A. and India and the U.K. Such passenger and fast cargo steamers as are available, are utilised for despatch of mails to the U.K. and the U.S.A. Mails for the U.S.A. are sent by American steamers which also do not sail to any regular schedule. Mails for the U.S.A. are also sent *via* U.K. and on such occasions, it takes about 36 days to reach destination. No definite improvement is possible unless there is an improvement in the present shipping position and the countries concerned re-introduce regular sailings.

IMPORT OF SUGAR FROM JAVA

*404. **Shri Ari Bahadur Gurung:** (a) Will the Honourable Minister of Agriculture be pleased to state whether it is a fact that sugar has been imported from Java at Rs. 26 per maund, and that the same sugar is being sold here in the market at Re. 1 per seer?

(b) If so, how many maunds have thus been imported during the year 1948, and how was the difference between the buying and selling prices distributed?

The Honourable Shri Jairamdas Doulatram: (a) and (b). No sugar was imported last year from Java.

NUMBER OF MILLS AND PRODUCTION OF CLOTH

*405. **Shri Ari Bahadur Gurung:** Will the Honourable Minister of Industry and Supply be pleased to state:

(a) the number of cloth mills operating in the country and their outturn during the year 1948;

(b) the number of mills which existed before the 15th August, 1947, with their annual production; and

(c) whether any steps are being taken to speed up production with a view to achieve self-sufficiency in the near future?

The Honourable Dr. Syama Prasad Mookerjee: (a) There are 356 spinning and composite Mills. Their production in the year 1948 was:

Yarn—1,442,757,000 lbs.

Cloth—4,821,000,000 yds.

In addition there are 107 weaving factories each with 25 powerlooms or more. In 1948 they produced about 50 million yards of cloth.

(b) Before partition there were 371 spinning and composite Mills. The average annual production in the three years before the partition (1944, 1945 and 1946) was:

Yarn—1,564,699,000 lbs.

Cloth—4,500,649,000 yds.

In addition there were 123 weaving factories with an annual productiou of about 65 million yards of cloth.

(c) India now exports about 750 million yards of cloth and 40 million lbs. of yarn, mostly of coarse and medium varieties, to Pakistan and other countries. We are now importing about 35 million yards of cloth, mostly of fine and superfine varieties. I would not say that we are not virtually self-sufficient. We could, however, use more cloth if we produced more.

Increase of production, however, involves better utilisation of existing capacity, installation of additional capacity and production of more cotton in the country.

The production in 1948 was about 85 per cent. of the maximum possible output, which was higher than most other industries. Government however appointed an expert Committee to recommend ways for the better utilisation of the existing capacity and are now considering the Report.

As for additional capacity the Textile Expansion Plan contemplates a 25 per cent. increase of capacity during the next few years. One new Mill under the Textile Expansion Plan has already started working and two more will begin to work in the course of the next few months.

FOOD DELEGATIONS SENT ABROAD

*406. **Shri Satish Chandra:** Will the Honourable Minister of Food be pleased to state:

(a) the names of the members of each food delegation sent abroad since 15th August, 1947;

(b) the names of the countries to which they were sent;

(c) which of those countries have Food Attaches of the Government of India posted in Indian Embassies there;

(d) the purpose of each delegation and the precise achievement in each case;

(e) the expenditure incurred each time;

(f) similar details about the delegations proposed to be sent abroad in the near future, if any; and

(g) the steps contemplated to curtail expenditure in this respect?

The Honourable Shri Jairamdas Doulatram: (a), (b), (d) and (e). A statement is laid on the table of the House.

(c) There is no Food Attache in any of these countries except the U.S.A.

(f) No such proposal is at present under consideration.

(g) A delegation is sent abroad only after the most careful consideration and only in special circumstances when the Ministry of Finance is also satisfied that the proposed business can best be negotiated by negotiations on the spot. The deals which these delegations negotiated ran into very large sums of money and personal negotiation and personal supervision on the spot has saved Government moneys infinitely greater than the expenditure involved.

Statement showing particulars of Food Delegations sent abroad for making purchases of foodgrains during the period 15.8.47 to date.

Serial No.	Month and year in which the delegation was sent	Object of the delegation	Names of members of the delegation	Approximate cost of the delegation	Result achieved
1	2	3	4	5	6
1	Sept.-Nov. 1947	To negotiate purchase of food grains from Iraq and Iran.	Mr. H. L. Khanna	Rs. 7,000	He was able to buy 12,700 tons barley from Iraq. The negotiations with Iran failed.
2	Oct.-Nov. 1947	To negotiate purchase of wheat from Australia.	Sir Raghunath Paranjapye (Present in Australia). Mr. Neville Wadia. Mr. Vishnu Sahay. Mr. A. L. Saxena.	25,000	They were able to negotiate the purchase of 670,000 tons wheat from Australia.
3	Dec. 1947	To purchase paddy from Nepal	Hon. A. N. Sinha Mr. G. S. Rau. Mr. Ram Kidar Singh. D. B. Radha Kishan Jalan.	1,760 by Food Ministry. Total cost not known as pay and allowances of the members were paid by their respective Departments.	They were able to entre into an agreement with the Govt. of Nepal for the purchase of Nepal paddy on Govt. to Govt. account.
4	Feb.-March 1948	To settle outstanding points in regard to the Rice- Maize barter deal with Egypt.	Mr. H. L. Khanna	9,616/12/-	The following outstanding points were settled:— (i) Dispute about quality of maize delivered to Egypt.

Serial No.	Month and year in which the delegation was sent	Object of the delegation	Names of members of the delegation	Approximate cost of the delegation	Result achieved
1	2	3	4	5	6
				Rs.	(ii) Quantity of rice to be delivered by the Egyptians in exchange for Maize. (iii) Responsibility of the Govt. of India in the matter of unloading of Maize ship and the responsibility of the Govt. of Egypt in respect of the loading of rice ships.
5	May-Sep. 1948	Supervising of rice shipments to India from Egypt.	Mr. H. L. Khanna	14,400/-	By his visit and personal efforts he was able to effect a saving of over Rs. 10 lacs in freight and was able to establish a reliable shipping agency for the future at a comparatively low cost. Due to his personal supervision the quality of rice received from Egypt was very much better than that received in earlier consignments.
6	May-July 1948	To negotiate purchase of wheat and to settle disputes relating to the earlier agreement with Australia.	Sir Datar Singh Mr. A. L. Saxena	16,960/-	They negotiated the preliminary wheat agreement for 1948-49 whereby India was assured of over 8 lac tons of wheat from Australia.

Serial No.	Month and year in which the delegation was sent	Object of the delegation	Names of members of the delegation	Approximate cost of the delegation	Result achieved
1	2	3	4	5	6
7	Sep.-Dec. 1948	In connection with the purchase of rice from French Indo-China.	Mr. T. M. Gurbuxani	Rs. About 7,400/- (Account yet to be settled).	Due to his negotiations he was able to effect a saving of £28,160 in cost and freight and Rs. 27,000/- on account of buying, inspection and shipping commission that would have otherwise been paid. He was also able to secure an extra quantity of 550 tons rice.
8	Nov.-Dec. 1948	In connection with the purchase of foodgrains from Australia.	Mr. Vishnu Sahay Mr. Ratilal Gandhi Mr. Parameshwaram Pillay (Already in Australia.)	About 17,332/- (Account not yet settled.)	In addition to the negotiation of price for Australian wheat, they were able to secure 75 million tons of wheat for the current year. They were also able to buy 11,000 tons coarse grains at prices much cheaper than those at which the same grains were being offered in Delhi through the trade.
9	Jan.-Feb. 1949	To attend the conference in Washington in connection with the International wheat agreement.	Mr. R. L. Gupta	About 15,400/.	Not yet returned.
10	Ditto	To negotiate prices of Burma rice for the current year.	Mr. N. K. Bhojwani	About 2,500	Ditto.

PURCHASE AND SALE OF FOOD STUFFS

*407. **Babu Ramnarayan Singh:** Will the Honourable Minister of Food be pleased to state:

(a) the amount of money realised from sale of cereals to the people in the year 1947-48;

(b) the amount, of money considered as loss and paid by Government in 1947-48 in order to make up the difference between the purchase price and the amount realised from sale of cereals;

(c) the quantity of cereals actually consumed in 1947-48 and the quantity kept in reserve; and

(d) the quantity of cereals treated as waste?

The Honourable Shri Jairamdas Doulatram: The honourable member is presumably referring to cereals which are imported by the Government of India for distribution to Provinces/States. In addition, there is also internal procurement of grains by Provinces and States who issue it to consumers within their areas or export it to other deficit Provinces/States under allocations made by the Food Ministry on a "no profit no loss" basis. Information about the price of these supplies is not readily available and is being collected.

The information in regard to imported foodgrains is as follows:

(a) The total amount realised from Provinces/States amounted to 91.63 crore rupees.

(b) The loss to the Government of India in the distribution of imported foodgrains consisted mainly of subsidy paid to Provincial Governments. The total expenditure on this account during 1947-48 amounted to 17·12 crore rupees.

(c) The total quantity of cereals issued to Provinces/States during 1947-48 was 23.78 lakhs tons. The quantity kept in reserve in the Central Government godowns on the 31st March, 1948 was 1·17 lakh tons.

(d) The quantity condemned as unfit for human consumption during 1947-48 in the Central Storage Depots totalled 232 tons.

TELEPHONES FOR RURAL AREAS

*406. **Babu Ramnarayan Singh:** Will the Honourable Minister of Communications be pleased to state whether telephone facilities are still confined to the urban areas and if so, when Government will consider the question of extending these facilities to the rural areas?

Shri Khurshed Lal (Deputy Minister for Communications): The reply to the first part of the question is in the affirmative. As regards the second part, telephones will be introduced in rural areas when such introduction becomes economically practicable.

FACTORIES FOR MANUFACTURE OF BASIC POWER PLANTS

*408. **Prof. N. G. Ranga:** Will the Honourable Minister of Industry and Supply be pleased to state:

(a) whether the Government of Madras has requested the Government of India to locate one of their basic power plant manufacturing factories in Madras; and

(b) what are the plans of the Government of India for starting such factories?

The Honourable Dr. Syama Prasad Mookerjee: (a) Yes, Sir.

(b) Two consulting firms have been appointed to prepare project reports which will, among other matters, deal with possible sites for the location of the factory, capital cost involved, categories of plant to be manufactured, raw materials required and cost of production. On receipt of these reports, which are expected within the next six months, Government will take a decision.

MEETINGS OF STANDING COMMITTEE FOR MINISTRY OF AGRICULTURE

17. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of Agrioulture be pleased to state the number of meetings of the Standing Committee for the Ministry of Agriculture held during the Calendar year 1948?

(b) What is the total number of members of the Committee and what was the attendance at eaob meeting?

The Honourable Shri Jairamdas Doulatram: (a) Two.

(b) The total number of members is ten of which seven members attended each of the meetings.

MEETINGS OF STANDING COMMITTEE FOR MINISTRY OF COMMUNICATIONS

18. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of Communications be pleased to state the number of meetings of the Standing Committee for the Ministry of Communications held during the Calendar year 1948?

(b) What is the total number of members of the Committee and what was the attendance at each meeting?

Shri Khurshed Lal (Deputy Minister for Communications): (a) Four.

(b) The number of members on the Committee is ten and the attendance at the meetings was four, five, four and seven respectively. I must add that notice given for one of the meetings was unavoidably too short for a majority of the members to attend.

MEETINGS OF STANDING COMMITTEE FOR MINISTRY OF INDUSTRY AND SUPPLY

19. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of Industry and Supply be pleased to state the number of meetings of the Standing Committee for the Ministry of Industry and Supply held during the Calendar year 1948?

(b) What is the total number of members of the Committee and what was the attendance at each meeting?

The Honourable Dr. Syama Prasad Mookerjee: (a) Ten meetings were held in 1948, the first one on the 3rd February, and the last one on the 30th December.

(b) The total number of non-official members is ten. Attendance varied between five and seven. A detailed statement is laid on the table of the House.

Statement showing the number of meetings of the Standing Committee of the Legislature attache to the Ministry of Industry and Supply held in the year 1948.

Number of meetings held during 1948, i.e. January to December 1948	Dates on which these meetings were held	Total number of non-official members of the Committee	Number of non-official members that attended the meetings
10	3.2.48	10	5
	6.2.48		6
	29.3.48		6
	3.4.48		7
	16.8.48		5
	19.8.48		5
	21.8.48		6
	24.8.48		5
	30.8.48		6
	30.12.48		5

MEETINGS OF STANDING COMMITTEE FOR MINISTRY OF TRANSPORT

20. Shri R. K. Sidhva: (a) Will the Honourable Minister of Transport be pleased to state the number of meetings of the Standing Committee for the Ministry of Transport held during the Calendar year 1948?

(b) What is the total number of members of the Committee and what was the attendance at each meeting?

The Honourable Shri N. Gopalaswami Ayyangar: (a) There are two Standing Committees of the Legislature attached to the Ministry of Transport, *viz.*, Standing Committee for Roads and Standing Committee for subjects other than Roads. Each of these Committees met twice during the year 1948.

(b) The required information is given below:

Name of the Standing Committee	*Total No. of Members*	*Attendance at each of the Meetings*
1. Standing Committee for Roads	11 (including the Chairman and the Chief Commissioner of Railways).	7, 12.
2. Standing Committee for subjects other than Roads.	11 (including the Chairman)	4, 7.

MEETINGS OF STANDING COMMITTEE FOR MINISTRY OF RAILWAYS

21. Shri R. K. Sidhva: (a) Will the Honourable Minister of Railways be pleased to state the number of meetings of the Standing Committee for the Ministry of Railways held during the Calendar year 1948?

(b) What is the total number of members of the Committee and what was the attendance at each meeting?

The Honourable Shri N. Gopalaswamy Ayyangar: (a) The numbers of meetings of the Standing Committees of this Ministry held during the calendar year 1948 were:

Central Advisory Council for Railways—4.

Standing Finance Committee for Railways—9.

(b) The number of members present at the meetings of the Standing Committees is given below:

Central Advisory Council for Railways	Total membership	20.
	Attendance at the different meetings	20, 17, 14 and 19.
Standing Finance Committee for Railways.	Total membership	12.
	Attendance at the different meetings	10, 7, 5, 7, 5, 10, 9, 10. and 9.

PURCHASE OF TRACTORS.

22. Srijut Rohini Kumar Chaudhuri: Will the Honourable Minister of Agriculture be pleased to state:

(a) the number of tractors purchased by the Government of India in 1948, their total value and the name of the firm or firms who supplied them;

(b) how many tractors have been lent or given to the provinces; and

(c) how many tractors have been used by the Ministry of Agriculture of the Government of India itself and where have they been so used?

The Honourable Shri Jairamdas Doulatram: (a) 418 tractors were purchased by the Ministry of Agriculture during 1948. The total value of these tractors is Rs. 48,30,000 approximately. Of the 418 tractors 207 were purchased in

the United States of America through the India Supply Mission, Washington from the following firms:

146 from the Allis-Chalmers Manufacturing Co., Spring-Field, Illinois.

25 from the Intercontinent Corporation, New York.

6 from the Caterpillar Tractors Co., Peoria, Illinois.

30 from Messrs. Volkart Bros., New York.

The remaining 211 tractors were purchased in India through the Director General of Industries and Supplies, from the undermentioned firms:

110 from Messrs. Ford Motor Co. (India) Ltd., Calcutta.

42 from Messrs. Construction Equipment Co., Bombay.

10 from Messrs. Marshall, Sons & Co. (India), Ltd., Madras.

25 from Messrs. Willcox Marshall, (Buckwell-India) Ltd., New Delhi.

24 from Messrs. Volkart Bros., Bombay.

(b) 170 tractors were purchased for and supplied to the Provincial Governments against their indents. No tractors have been lent to them.

(c) The Ministry of Agriculture of the Government of India is using on behalf of the Provincial and State Governments. 248 light tractors in connection with mechanical cultivation operations. The distribution of these tractors is as follows:

Matsya Union	... 125
East Punjab	... 120
Delhi	... 3

Central Board of Cottage Industries

23. Shri V. C. Kesava Rao: (a) Will the Honourable Minister of Industry and Supply be pleased to state what are the functions of the newly formed Central Board of Cottage Industries?

(b) What are the cottage industries that are proposed to be developed?

The Honourable Dr. Syama Prasad Mookerjee: (a) The attention of the honourable member is invited to Government Resolution, No. I-4(5)/1/48, dated the 10th August, 1948, a copy of which is placed on the table of the House. Briefly, the functions of the Cottage Industries Board are:

(i) to advise and assist Government on the organisation and development of cottage and small-scale industries;

(ii) to examine and advise how cottage and small-scale industries can be co-ordinated with large-scale industries;

(iii) to examine the schemes of the Provincial and State Governments for the promotion of cottage and small-scale industries and to assist in co-ordinating them; and

(iv) to advise the Government on the marketing of the products of cottage and small-scale industries in India and abroad.

(b) The only cottage industries which will not come under the scope of the Board are sericulture, silk-reeling and silk-weaving. That is because these industries will be dealt with by a separate statutory Silk Board. The primary responsibility for the development of cottage industries lies with the provincial and the State Governments, and the All-India Board will assist and co-ordinate their efforts. At their first meeting the Board decided to set up Sub-Committees to deal with the handspinning and the handloom weaving industries, the metal industry and the leather industry. Other activities of the Board such as the organising of Instructor's and mastercraftsmen's training, experimental work as regards utilisation of small machines and tools, central salves emporium and stimulation of exports will benefit all cottage industries.

GOVERNMENT OF INDIA

MINISTRY OF INDUSTRY AND SUPPLY

RESOLUTION

New Delhi, the 10th August, 1948

No. I-4(5)/1/48.—In accordance with the announcement in paragraph 8 of the Government of India Resolution on Industrial Policy, dated 6th April, 1948, the Central Government have decided to constitute a Cottage Industries Board consisting of :—

(1) The Minister for Industry and Supply.—*Chairman.*

(2) One representative each from the provinces of Assam, Bengal, Bihar, Bombay, Central Provinces, East Punjab, Madras, Orissa and the United Provinces, and the following major States and Unions :

Baroda,

Bikaner,

Cochin,

Jaipur,

Jammu and Kashmir,

Jodhpur,

Madhya Bharat (Gwalior-Indore-Malwa Union),

Matsya,

Mysore,

Patiala and East Punjab States,

Rajasthan,

Saurashtra,

Travancore,

Vindhya Pradesh,

(3) One representative each of the Ministries of Finance, Agriculture and Relief and Rehabilitation.

(4) Two representatives of the Ministry of Industry and Supply.

(5) One representative each of the All-India Spinners' Association, All-India Handloom Weavers' Congress, All-India Village Industries Association, Visva-Bharati, West Bengal, and Dayal Bagh, Agra.

(6) Seven non-officials nominated by the Central Government inclusive of two from the Standing Committee of the Legislature advising the Ministry of Industry and Supply.

(7) The Director in charge of the Cottage Industries Directorate in the Directorate General of Industry and Supply will be the Member-Secretary.

2. The Board will have the following functions :—

(i) To advise and assist Government on the organisation and development of cottage and small-scale industries.

(ii) To examine and advise how cottage and small-scale industries can be co-ordinated with large-scale industries.

(iii) To examine the schemes of the Provincial and State Governments for the promotion of cottage and small-scale industries and to assist in co-ordinating them.

(iv) To advise the Government on the marketing of the products of cottage and small-scale industries in India and abroad.

The Board will appoint sub-committees for particular purposes. One such Committee will deal with handloom production.

3. Though representatives of the smaller States and of Chief Commissioner's Provinces have not been included in the Board, the interests of the cottage and small-scale industries of these areas will also be given due attention by the Board. The Governments of these areas will be kept informed of the transactions of the Board and they will be invited to depute their representatives to participate in its proceedings whenever this is considered desirable.

Tuesday
15th February, 1949

THE CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE) DEBATES

(PART II —PROCEEDINGS OTHER THAN QUESTIONS AND ANSWERS)

Official Report

70

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1949

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CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE) DEBATES

(PART II PROCEEDINGS OTHER THAN QUESTIONS AND ANSWERS)

Tuesday, 15th February, 1949.

The Assembly met in the Assembly Chamber of the Council House at a Quarter to Eleven of the Clock, Mr. Speaker (The Honourable Mr. G. V. Mavalankar) in the Chair.

QUESTIONS AND ANSWERS

(*See Part I*)

11-45 A.M. TIME TABLE FOR THE DAY'S BUSINESS

Mr. Speaker: Before I proceed with certain announcements which I have to make, I should like to know the wishes of the House with reference to the time-table of the meeting today. At 5 o'clock the Railway Budget will be presented. I think honourable members would like the idea of sitting till 4 o'clock and then reassembling at 5.

Shri B. L. Sondhi (East Punjab: General): Why not have it earlier?

Shri R. K. Sidhva (C. P. and Berar: General): As far as the General Budget is concerned we can understand it being introduced at 5 o'clock, because of taxation. Where is the sanctity in the Railway Budget also being presented at 5 o'clock?

Mr. Speaker: There is no question of sanctity. The importance of it is that we get the whole of the day for other work; and in view of the slow progress which the Banking Bill is making, I was just thinking whether we should break for an hour at all, instead, why not break at 4-30, (*Honourable Members*: "No Sir. 4 o'clock.") I think then we shall break at 4 and re-assemble at 5. That is the time-table fixed.

The Honourable Shri N. Gopalaswami Ayyangar (Minister for Railways and Transport): If that is your wish, I have no objection if you fix the Railway Budget to be presented at 4 itself.

Mr. Speaker: My difficulty is, 5 having been already announced, it will not be fair to absent members. I can agree to prolonging the time to 5-30, but it is not fair to the absent members to have it earlier.

Shri L. Krishnaswami Bharathi (Madras: General). When the whole House agrees.....

Mr. Speaker: The honourable member does not see the position that a notice of 5 o'clock has already been issued. So now the House will reassemble after Lunch at 2-30; again adjourn at 4 and re-assemble at 5 for the Railway Budget.

PANEL OF CHAIRMEN.

Mr. Speaker: I have to inform the House that under sub-rule (1) of rule 9 of the Rules of Procedure and Conduct of Business, I nominate Pandit Thakur Das Bhargava, Shri S. V. Krishnamoorthy Rao, Shrimati G. Durgabai and Mr. Frank Anthony on the Panel of Chairmen.

COMMITTEE ON PETITIONS

Mr. Speaker: I have also to announce that under sub-rule (*1*) of Rule 65 of the Rules of Procedure and Conduct of Business, the following honourable members will form the Committee on Petitions, namely, Pandit Thakur Das Bhargava, Shri S. V. Krishnamoorthy Rao, Shri R. K. Sidhva, Shrimati Dakshyani Velayudhan and Shri B. Das.

EXTENSION OF TIME FOR PRESENTATION OF REPORT OF SELECT COMMITTEE

The Honourable Dr. John Matthai (Minister for Finance): Sir, I beg to move:

"That the time appointed for the presentation of the report of the Select Committee on the Bill to limit the dividends which may be paid by public companies, be extended up to the 21st February, 1949."

The Committee held a meeting a few days ago—a prolonged meeting. They have been able to cover most of the ground, but it is still felt that there are certain matters which call for further consultation and discussiou, and in view of the importance of the issues involved, I submit to the House that this short extension is necessary.

Mr. Speaker: The question is:

"That the time appointed for the presentation of the report of the Select Committee on the Bill to limit the dividends which may be paid by public companies, be extended up to the 21st February, 1949."

The motion was adopted.

BANKING COMPANIES BILL—(*Contd.*)

Mr. Speaker: The House will now proceed with the further consideration of the motion that the Bill to consolidate and amend the law relating to banking companies, as reported by the Select Committee, be taken into consideration. Clause 13.

Mr. Nazirudding Ahmad (West Bengal: Muslim): I beg to move:

"That in clause 13 of the Bill, for the word 'share' wherever it occurs, the word 'shares' be substituted."

In this clause we are dealing with the issue of shares. So the word should be in the plural.

The Honourable Dr. John Matthai (Minister for Finance): I accept.

Mr. Speaker: The question is:

"That in clause 13 of the Bill, for the word 'share' wherever it occurs, the word 'shares' be substituted."

The motion was adopted.

Prof. K. T. Shah (Bihar: General): I move:

"That in clause 13 of the Bill, for the words 'two and one-half' occurring in line five, the word 'one' be substituted."

This, Sir, relates to and tries to discourage the practice of paying commission for getting Bank Shares subscribed. The commission provided for in clause 13 appears to me to be much too high for a sound banking concern to offer. It may be very well for those concerns which are shaky, or which have doubtful prospects, to try and raise capital by offering attractions of this kind.

Mr. Speaker: May I suggest to the honourable member—if he agrees—it appears that the likelihood is that the arguments will be common both with reference to this and his next amendment. If that is so.....

Prof. K. T. Shah: My next amendment relates to deposits; this relates to capital. I thought the two are on a different level.

Mr. Speaker: It is a question of commission, brokerage, discount, or remuneration on deposits; the nature of commission on shares.....

The Honourable Dr. John Matthai: It is somewhat different.

Mr. Speaker: It is somewhat different no doubt. But the arguments, I thought would be common—some of them, perhaps.

Prof. K. T. Shah: My own position is that the nature of these two items of working capital is different. However, if you so desire, I will combine the two.

Mr. Speaker: I am not talking of combining the two. What I am suggesting is that both may be moved, and may be argued, so that much of the common ground need not be repeated.

Prof. K. T. Shah: Certainly, Sir, I shall then combine my arguments on both, if you will permit me to move the other one also.

Mr. Speaker: Yes.

Prof. K. T. Shah: I shall then move the second one. I beg to move:

"That in clause 13 of the Bill, the following be added at the end :

'nor shall any commission, brokerage, discount, or remuneration, be paid to anyone for attracting fixed or call deposits or bringing business to the bank.' "

[*At this stage, Mr. Speaker vacated the Chair, which was then occupied by Mr. Deputy Speaker (Shri M. Ananthasayanam Ayyangar)*]

This is an attempt to prevent undue attraction being offered by banks to secure any part of their fixed or working capital. In the case of the Share capital, I do think that any bank, with any prospects of good business before it or the promoters of any Bank who have such hopes, should not really offer such attractions as are provided for in this clause, namely, a brokerage or an under-writing commission or discount on shares of two and a half per cent. That would be an admission of the possible difficulties in getting capital subscribed, which should not be made by the Bank or its promoters. This rate is excessive; and is paid, in my opinion, for no very good service or benefit to the proposed institution.

I take it, of course, that this Commission, etc. relates to new capital being issued. If it relates to additional capital being issued by an existing bank, then the argument would be still stronger, namely, that having proved its success; being so to say in a position of good business, and having also some uncalled share capital on existing shares it is all the more undesirable for it to allow any such high commission, discount or brokerage for securing subscription to their share capital.

It is well-known, though perhaps not easily admitted or provable, that share-brokers and those conducting banks are inter-linked. And one of the greatest curses, in my opinion of the Capitalist system is the very wide ramification of the sacred institution of Nepotism whereby brothers, sons, nephews.....

Srijut Rohini Kumar Chaudhuri (Assam : General): Sir, on a point of order. This amendment which my honourable friend has moved is not germane to the particular section. Section 13 deals with the restriction on commission, brokerage, discount etc. on sale of shares. It has nothing to do with fixed deposits. So this amendment cannot come now.

Mr. Deputy Speaker: There is no point of order; Professor Shah can go on.

Prof. K. T. Shah: Sir, I was saying that those connected with and dependent upon the conduct of banks have ways and means of handing out Secretary

[Prof. K. T. Shah]

to whomsoever they want, big profits or substantial benefits, which are only made available at the cost of the community. The benefit may be covered and be given a legitimate shape by a provision such as this, and so I suggest it should be avoided altogether or at least minimised.

It may be that the attracting of capital in the shape of shares may perhaps be a little difficult, in times, particularly of scarcity, when there is all-round anxiety or depression especially to new Banks. To that extent, I am willing to compromise and suggest that one per cent. maximum commission, discount or brokerage may be allowed. But even that, I think, would not be earned. However, that is a matter for the Income-tax Commissioner to decide whether it is earned or un-earned income. But even that argument does not apply to the case of the Depositors. Attracting Deposits by such means is highly objectionable. For my part, there should be no toleration or allowance of any commission, brokerage or discount, for the simple reason that if such a thing is permitted, there will be a very unhealthy system of competition and rivalry of interests amongst banks which will be prejudicial to the sound conduct of the Bank, to the interests of the depositors which this Bill is supposed to safeguard.

I am sure that actually no respectable bank would be encouraging any such methods or be engaging in such competitive or shaking methods of attracting deposits to itself. I am therefore, by my amendment, trying to secure nothing more than a legal recognition and enforcement of an actually admitted principle, namely, no undue attraction to secure deposits to the banks should be offered.

I trust this reasoning would prove acceptable to the Honourable Minister and that the amendment would be adopted.

Mr. Deputy Speaker: Amendments moved:

(*i*) "That in clause 13 of the Bill, for the words 'two and one-half' occurring in line five, the word 'one' be substituted."

(*ii*) "That in clause 13 of the Bill, the following be added at the end :

'nor shall any commission, brokerage, discount, or remuneration, be paid to anyone for attracting fixed or call deposits or bringing business to the bank.' "

Shri R. K. Sidhva (C. P. and Berar: General): I do not know how far this amendment is expected to serve the purpose which my honourable friend Professor Shah desires. As far as I know, when firms want to invest money, they write to various banks asking for quotations, and I know various banks have various rates of interest, and whichever is highest, consistent with security, in that bank, the firm invests the money. Prof. Shah has himself stated that he would be prepared to accept one per cent. interest, but I think even in all money or long-term deposits, banks do not pay more than one per cent.

Prof. N. G. Ranga (Madras: General): What about the shares?

Shri R. K. Sidhva: I am not referring to shares: I am only referring to fixed deposits.

Mr. Deputy Speaker: But the first amendment refers to shares.

Shri R. K. Sidhva: The first amendment is all right. I am referring to the second. The question of non-payment of commission does not arise at all, because it is not paid at all. Therefore the amendment is redundant.

12 Noon

The Honourable Dr. John Matthai: I oppose both the amendments proposed by Professor Shah. With regard to his first amendment, the Select

Committee considered this matter in great detail, and this figure of 2½ was accepted because it happened to represent the largest measure of agreement. These are matters in regard to which you cannot fix limits which would have any sort of final validity. It is a matter of judgment, and what we did was to follow a practical course and accept a figure which represented the largest measure of agreement; and I suggest that the House may adopt this figure.

With regard to the second amendment if any commission is paid in respect of deposits, what it really amounts to is that the bank is prepared to pay something in the nature of a higher interest on the deposit. This Bill does not control the rates of interest. Moreover, it is altogether impracticable to fix the rate of interest which a particular bank may be prepared to pay. Therefore, it seems to me both from the point of view of the merits of the proposition and also from the point of view of the practicability of it, both the amendments must be rejected.

Mr. Deputy Speaker: The question is:

"That in clause 13 of the Bill, for the words 'two and one-half' occurring in line five, the word 'one' be substituted."

The motion was negatived.

Mr. Deputy Speaker: The question is:

"That in clause 13 of the Bill the following be added at the end:

'nor shall any commission, brokerage, discount, or remuneration, be paid to anyone for attracting fixed or call deposits or bringing business to the bank.' "

The motion was negatived.

Mr. Deputy Speaker: The question is:

"That clause 13, as amended, stand part of the Bill."

The motion was adopted.

Clause 13, *as amended, was added to the Bill.*

Mr. Naziruddin Ahmad: I move:

"That in clause 14 of the Bill, for the words 'No banking company', the following be substituted:

'Notwithstanding anything contained in the Indian Contract Act or in any other law for the time being in force, no banking company.' "

Sir, we have already adopted this mode of expression in clause 2 and in other places. Similarly we have to introduce this condition in clause 14 also; otherwise there may be a clash between this Act and personal contracts. Provision of clause 14 should over-ride all such contracts. That is the only point in this amendment.

The Honourable Dr. John Matthai: I have had this point examined by our legal advisers and they think such a change is not necessary. The point is sufficiently provided for already.

Mr. Deputy Speaker: That means the amendment is not moved?

Mr. Naziruddin Ahmad: It is moved, but it need not be put by you.

Mr. Deputy Speaker: What about the next amendment.

The Honourable Dr. John Matthai: Same as the last one, it is not necessary.

Mr. Naziruddin Ahmad: I do not move it then.

Mr. Deputy Speaker: The question is:

"That clause 14 stand part of the Bill."

The motion was adopted.

Clause 14 was added to the Bill.

Kazi Syed Karimuddin (C. P. and Berar: Muslim). I beg to move:

"That in clause 15 of the Bill, after the word 'shares' occurring in line two, the words 'which shall not exceed nine per cent. per annum' be inserted."

In that case, Sir, the clause will read thus:

"No banking company shall pay any dividend on its shares which shall not exceed nine per cent. per annum until all its capitalised . . . . . "

The other day I have heard with great regret the speech of the Honourable the Finance Minister, which was very much distressing. It was said that the programme of nationalisation of Banks could not be enforced in the immediate future. The minimum that we expected from the Government and the Finance Department was that at least the dividend should have been fixed. On the contrary, we find though in the original Bill there was fixation of the dividend to the extent of nine per cent. we find in the Select Committee Report and after the stage of Select Committee, even that has been taken away. My submission is that those in charge of banks have earned in the past huge sums of money because dividends were not fixed. In any case, if nationalisation is not possible in the near future, it is extremely necessary that the dividend should be fixed at least to the extent of nine per cent.

Mr. Homi Mody (Bombay: General): Nine per cent of what?

Kazi Syed Karimuddin: Shares.

Mr. Homi Mody: On today's value?

Kazi Syed Karimuddin: Sir, I press this amendment. There are absolutely no reasons given as to why this provision should have been excluded at the stage of the Select Committee.

Mr. Deputy Speaker: Amendment moved:

"That in clause 15 of the Bill, after the word 'shares', occurring in line two, the words 'which shall not exceed nine per cent. per annum' be inserted."

The Honourable Dr. John Matthai: This point was explained by me in my speech with which I moved the motion for consideration. I think I explained at some length the reasons why the Select Committee decided to drop the provision relating to the limitation of dividend. As a matter of fact, there are two points of view from which the particular provison was considered. On the one hand, there are people who said that under the present conditions, that is to say, while there was the Limitation of Dividends Ordinance, and a Bill is also before the House under consideration, it was not necessary to have a special provision for Banking companies. On the other hand, there are members of the Select Committee like my honourable friend Mr. Ramalingam Chettiar who thought that nine per cent. was too high. In the end, we found the solution by omitting the provision altogether. I suggest to the House that the matter may be left as it stands.

Mr. Deputy Speaker: The question is:

"That in clause 15 of the Bill, after the word 'shares', occurring in line two, the words 'which shall not exceed nine per cent. per annum' be inserted."

The motion was negatived.

Mr. Nazirudin Ahmad: I move:

"That in clause 15 of the Bill, for the words 'tangible assets', the words 'tangible and substantial assets' be substituted."

This is a substantial amendment. In clause 15, it is provided that a banking company shall not pay any dividend unless certain expenses are written off. One of these things is, 'any other items of expenditure not represented by tangible assets'. What may be tangible assets may yet be unsubstantial. Tangible means, which could be felt by the hand, seen by the eyes and felt by the senses.

Mr. Homi Mody: The wording is 'represented by tangible assets'.

Mr. Nasiruddin Ahmad: That means covered by tangible assets. "Tangible" means something which could only be felt by the senses. 'Substantial assets' indicates that the expenditure is adequately covered. "Adequately represented by tangible assets", would be all right. If we do not introduce some such thing, there would be a loop-hole and much dispute.

The Honourable Dr. John Matthai: I think this is quite unnecessary. As Mr. Mody pointed out, if the thing is to be represented by tangible assets, you can see it, feel it, touch it and do everything else.

Mr. Deputy Speaker: I think I need not put it to the House.

Mr. Nasiruddin Ahmad: As you feel, Sir.

Mr. Deputy Speaker: It is not a question of my pleasure. If you want, I shall put it to the House.

Mr. Nasiruddin Ahmad: I do not press it, Sir.

Prof. K. T. Shah: I beg to move:

"That to clause 15 of the Bill, the following Proviso be added:

'Provided that no bank or banking company shall declare or distribute as dividend or profit any part of the profit at a rate exceeding five per cent. per annum on the paid up capital and all surplus remaining undistributed after the payment or distribution of such dividend or profit, and after due provision has been made for appropriate reserves, shall be made over to the Reserve Bank on behalf of the Government of India'."

Sir, this is a principle which I have been impressing before this House for a long time and variety of reasons. Applied to this particular case, that is, of banks, I feel that the principle of limiting dividends that can be distributed, has more than one justification.

The argument which weighed with many members in the Select Committee to drop that clause that there is another measure to achieve that end. On the other side those who think that all undue profits or excessive profits should be stopped from distribution to the owners of the capital, and as such, believed that if not directly, at least an indirect restriction be placed upon the purchasing power in the hands of the community, and thereby a check be afforded to the growing spiral of inflation. This is a view that has been an argument that has commended itself in many quarters.

In principle, of course, a similar argument could be, and was urged with regard to other forms of income. But, here is a case of a generically different kind; while the income from joint stock companies shares may be said somehow to be earned, here is a form of income which is scarcely earned. The earners of Bank profits are not those who receive the dividends. The earners are a totally different section of the community, *viz.*, the workers or employees of the bank. If, recognising their right of ownership, and in virtue solely of that ownership, you allow the shareholder this maximum share of profit, I think you are more than generous and just to them.

To my mind, Sir, the banking concern is particularly open to this charge that the share-holders do not contribute anything to the earning of the profits; and as such, in the distribution of profits . . .

Shri B. P. Jhunjhunwala (Bihar: General): On a point of order, Sir, the amendment of Mr. Karimuddin has been rejected. That limited the dividend to nine per cent. Here, the amendment is for five per cent. I think the principle has been voted down.

Mr. Deputy Speaker: I am sorry, there is no point of order, for the reason that the principle as such whether any limitation ought to be there was not put to the House, but whether it should be nine per cent. This amendment says, five per cent.

Shri B. P. Jhunjhunwala: Whether there should be limitation or not, that was the principle involved in that amendment. Here also, the same principle is involved.

Mr. Deputy Speaker: It may be involved; that was not the main point at issue. The honourable member may go on. Any how, as has been pointed out, this matter was discussed on a previous occasion as to whether there ought to be a limitation. The further question is whether it should be nine per cent or five per cent. The Honourable member may confine himself to that.

Prof. K. T. Shah: I did not quite follow your remark, Sir, whether the principle as to limitation of dividend has been disposed of. I understand, Sir, that that was yet to come in the form of another Bill. That principle has not been disposed of so far as I know.

Mr. Deputy Speaker: It is not my ruling that it was disposed of. There has been an opportunity to discuss that matter in the previous amendment.

Prof. K. T. Shah: There has been a discussion on the subject; but the House has not yet decided it except the higher rate. If the higher rate is negatived, the lower rate may still stand. Rejection by the House of a higher rate does not necessarily justify the belief that the House is also against any limitation whatsoever. However if you will permit me to go on, I will resume the thread of my argument and continue.

I was saying that even if the proprietors of other concerns could justly be said to earn their dividend, the shareholders of a bank cannot be so described, as they are particularly that class of persons who contribute nothing to the earning of the dividend. Anything, therefore, that is allowed to them by way of dividend is really generosity on the part of the public from whom they earn this dividend.

Shri B. L. Sondhi (East Punjab: General): Does any shareholder earn anything?

Prof. K. T. Shah: No shareholder ever really earns. It is all very well for interrupting a speaker on such grounds; but when it comes to testing point, those who offer such arguments make a discreet retreat.

The point is that if we limit the banking company's profit in the manner I am seeking to do by this amendment, we would not be negativing the general idea that I think the Finance Minister had in mind when he put forward that argument about limiting dividend of all companies, and which is contained in the ordinance even now. I do not know whether the date of the Ordinance's operativeness has passed. The principle of limitation of dividends is most unquestionably justified particularly in the case of banking concerns.

The second part of the amendment goes a step further. It is in the direction of conserving the profit thus earned, *viz.*, all the surplus, undistributed profit is not to be left at the mercy or at the discretion of the conductors of the bank,—the Directors of the Bank. It is to be made over to Government,—to

the Reserve Bank in the first instance, who will hold the amount on behalf of Government.

This is a form of taxation of *Unearned Income*, which I trust will not be rejected by a Finance Minister whose next budget is expected to be, or is rumoured to be, a deficit budget. I do not exactly know how much he might gain out of this source. I am not prepared to say myself whether it will go a long way to relieve the deficit; but certainly it will be a laudable exercise of his Liberalism—if I may use the term—if he would put an end to the unlimited gain that the proprietors of banks derive. I hope therefore the House will accept this amendment.

Mr. Deputy Speaker: Amendment moved:

"That to clause 15 of the Bill, the following Proviso be added:

'Provided that no bank or banking company shall declare or distribute as dividend or profit any part of the profit at a rate exceeding five per cent. per annum on the paid up capital and all surplus remaining undistributed after the payment or distribution of such dividend or profit, and after due provision has been made for appropriate reserves, shall be made over to the Reserve Bank on behalf of the Government of India.'"

The Honourable Dr. John Matthai: I think it is quite unnecessary for me to repeat the arguments which I have placed before the House more than once. So I am not able to accept this amendment. I have always stated that this matter must be taken up as part of the general programme and secondly, while there is a provision affecting dividend payable by a company, this is not the period for introducing a provision specifically applicable to the banking companies and the rest of the amendment is simply consequential of the first and therefore I do not want to argue about it.

Mr. Deputy Speaker: The question is:

"That to clause 15 of the Bill, the following Proviso be added:

'Provided that no bank or banking company shall declare or distribute as dividend or profit any part of the profit at a rate exceeding five per cent. per annum on the paid up capital and all surplus remaining undistributed after the payment or distribution of such dividend or profit, and after due provision has been made for appropriate reserves, shall be made over to the Reserve Bank on behalf of the Government of India'."

The motion was negatived.

Mr. Deputy Speaker: The question is:

"That clause 15 stands part of the Bill."

The motion was adopted.

Clause 15 was added to the Bill.

Shri B. P. Jhunjhunwala: Is it to be supposed that Government does not contemplate limitation of dividends in the form of any other Bill?

The Honourable Dr. John Matthai: There is an Ordinance at present in force and question of transforming that Ordinance into an Act of this Legislature—that question is before the House.

[At this stage Mr. Deputy Speaker vacated the Chair, which was then occupied by Pandit Thakur Das Bhargava (one of the Panel of Chairmen)].

Prof. K. T. Shah: I move:

"That after clause 15 of the Bill, the following new clause be added:

'15A. (1) The policy of every banking company shall be governed and regulated by a Board of Directors, consisting of not less than seven and not more than eleven Directors, of whom—

(i) not more than half shall be elected by the shareholders from amongst themselves;

(ii) not more than one-third of whom shall be nominated by the Government of India, on the advice of the Reserve Bank of India, to represent the deposit holders in the Bank, with due regard to the proportion between demand and fixed deposits;

[Prof. K. T. Shah]

(iii) and at least one Director shall be nominated by the Government of India, on the advice of the Reserve Bank, from amongst the members of the staff and employees of the bank to represent the staff and employees; and

(iv) one Director shall be nominated by Government of India, on the advice of the Reserve Bank, to represent the customers of the bank not included in any of the above categories.

(2) The Reserve Bank of India shall make rules to regulate the procedure of election or nomination of the Directors mentioned in sub-section (1), and prescribing the qualifications and experience required for such election or nomination in each case:

Provided that no Directors shall hold office at any time for more than two terms in succession.' "

Here is an evidence of my intention to save the time of the House in commending several points that are included in this one composite amendment. I could have put them forward each in a separate amendment, and that would have involved some waste of the time of the House. I trust the House would appreciate the desire on my part to be careful of its time and patience: and will give me a hearing on the subject, which I promise would be in as short a space as I can manage to put my arguments in.

In this case the first proposition may be taken to be understood, *viz.*, that the policy of the banking company shall be governed and regulated by a Board of Directors. That is a matter of course that every company would have a Board of Directors, and it may be said that it is unnecessary to have brought it in by a specific amendment. My only excuse for having done so is that the several categories or interests, which I wish to get represented on the Board of Directors, could not have come in merely by taking it for granted that there is a Board of Directors.

That being premised, I now shall proceed to justify the number that I have suggested should be the upper and lower limit of the total personnel for the Board of Directors.

I do not think an excessively large Board would contribute to the efficient working of an institution like a bank. It may be that every bank has branches in several parts of a province, or the country, the local conditions of which may not be known to the Central Board. It may accordingly be quite possible that local Directors, if any, are recruited for just a particular area or zone in which a branch or branches operate, while the general policy of the Bank rests with the Central Board: It must be compact and manageable.

On the other hand, too small a number will also be undesirable; for the variety of functions that the bank discharges—even a commercial bank has to perform—will not be satisfactorily attended to if the number is so small that there is no specialization possible.

I know that, as a matter of ordinary custom, bank directors are chosen, not by their special knowledge or experience in regard to any part of the banking business. Their only qualification usually is the length of their bank balance. In proportion, therefore, as they can sign a big cheque or not they are selected as bank directors.

I have, however, in mind a kind of director who would not be only a fee-receiver. He would be something more. In the last century—and I do not know if it is not so in the present time—a very expressive term was invented to describe directors of companies who were content only to receive fees. They were known as Guinea-Big directors. Far be it from me, Sir,

to suggest that the most "respected" element of society, the bank director, is anywhere near that highly-prized laboratory specimen of the biologist. But in this case, Sir, I think the Bank director nevertheless ought to be a little more valuable and able to contribute something much more substantial to the working of the Bank than the usual type of directors in companies is.

I have, therefore, thought it necessary to lay down the minimum number so that there is some chance of some directors really directing and not merely receiving fees. I hope that this argument would commend itself to those who have it in their hands to conduct banks. Even if the amendment is not accepted, which is not a remote contingency, then too, they will, I hope, bear this free advice in mind. I know free advice is not usually listened to, and therefore may be not wanted. But at the same time, since bankers profess to render public service, I see no reason why I should not co-operate, and do part of my duty in giving them this free advice.

With regard to the next item of my amendment the categories that are to be represented should be the shareholder, the depositor, the employee and the customer. The most important in my opinion what is necessary, much more just and proper, is to have represented on the Bank Directorate the depositors. These are really the elements who contribute, if at all, to that volume of working capital, by which banks earn their profits. The deposits are usually several times over the shareholders' money. The shareholders, of course, I have put in the forefront, because even I am not prepared to invite this House to accept my logical view that there should be no representation for shareholders. I know it would be useless for me to put forward such a proposition, however logical and sound in theory it may be and as I have no desire to qualify myself for an inmateship in a lunatic asylum, I have refrained from giving you any such proposition.

I trust this sign of my innate moderation and wisdom will be appreciated by those who have the charge of this Bill in their hands; and that they will realize that when we give to the shareholders, who are the least operative and the least useful part of the Bank proprietorship, such as one half of the directing influences, we have done more than justice to the reasonable and ligitimate claims of the shareholders.

That portion, on the other hand, of the sinews of war, which is several times more than share capital—my honourable friends the bankers in the House will be able to tell us how very much more in proportion is the importance of the deposit-holder, as against share holder if only justice was done to everyone in this world, should get some representation. That at least should be given some recognition, and I am asking for no more than one-third.

Sir, it is some time since I have adopted the practice in public meetings not to address any meeting by beginning with "Ladies and Gentlemen", because I hold the view that "gentleman", according to the true authoritative dictionary definition of the Oxford English Dictionary, is one who lives upon his means, that is upon other people's labour, and therefore he is an excellent specimen of a parasite! (*Mr. Homi Mody*: "In your meetings there are no gentlemen!" No, people like you never attend my meetings; and therefore I am bereft of having "gentlemen" in my meetings of that type. And "ladies" are those who live on gentlemen, and therefore they are parasite into parasite or parasite square. So I have given up that practice. I have mentioned this here because I hold the depositor is like "gentleman", and the shareholder like "ladies"; and therefore their claim to receive any share, or dividends, or representation is in my opinion necessarily limited. But again, appreciating the present mood of the community, and thinking of the accepted notions in such a matter, I have to be moderate, and so have put forward only a very very moderate claim on behalf of the depositors, I trust it.

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would be recognised that the depositor is a real contributor to the working capital of the bank; and that my plea will therefore not go unheard. I hope, therefore, that at least so far as this portion of my amendment goes it will be accepted.

May I, Sir, mention in this connection a parallel. Recognition has been given, and an analogy has been forthcoming, in other parts of our legislation, whereby for instance in the Insurance Companies, where a special policyholders' director is appointed. I am, therefore, asking for nothing revolutionary, when I suggest that there should be some representation for the Depositors who are similar to policyholders on the directorate.

Even for mere mortgages in an ordinary industrial or commercial company, the debenture holder is entitled to have a trustee of his to see that the interests of the Debenture holder or mortgage, are not neglected by the other directors of a concern. This is another well known precedent. I think that in this case, the demand, the suggestion of the amendment that the depositors should be represented in some proportion on the Board—and mine is a very modest proportion—will, I trust not be unacceptable to the House.

I next come to that element which in my opinion is the real source of all profit. It is the creator naturally of all the additional or surplus value in the community—namely, the workers in such concerns. It has become a very glib saying, and quite a fashionable fad, now a days that the workers should be asked to co-operate: the workers should join hands with the masters, or shall we call them employers: and, therefore, they should be asked to do the utmost work on the least favourable conditions their masters choose to offer them: and as for the policy or activities which determine the success of the undertaking, they shall have no voice in them. I hope there is no one in this House now, at this time of the day, who would quite frankly and brutally accept such a proposition. That I expect of course from those who are "gentlemen", but not from sensible people. The possibility then of some recognition of the source of all value, namely human labour, will not be too remote to contemplate and too fantastic to accept.

The proportion given to the employees by this amendment of mine is extremely small, almost negligible. And further, its appointment is entrusted to the Government of India who will act in such matters on the advice of a bank to recommend. In both cases of depositors as well as staff and employees I have suggested that the nomination should be by the Government of India on the advice of the Reserve Bank. And my reason for suggesting it also is quite clear.

There are some objections to my suggestion which I can anticipate and answer. It has been said, for instance, that the depositors are an ever-changing community. Hence to accord recognition to them in the shape of any representation on the Board of Directors would be to grant representation to a changing quantity. I do not think this argument is quite correct, because even the shareholders change. The shareholders are, for example, also those who are registered on a particular date and only those are entitled to participate in the election of directors when an election comes round. In the case of the depositors the same regulation may be made, if you wish to be fair and just to the depositors. That is to say, the depositors as on a given date may be regarded as a body by themselves, who may elect, just as the shareholders registered on a given date elect.

I know, of course, that the election of Directors by shareholders also is something like a farce, except in concerns, which, for one reason or another,

provoke disproportionate publicity and the shareholders' annual meetings are much more active than Directors or managing agents would desire. The depositors may be still more inactive. Hence for fear that an unusual principle in its very beginning may be made futile, brought into needless ridicule, I suggest that the Government of India may act as trustee and on their behalf; and they may make appointment of a proportion or a number of directors who will look after their interests.

The same logic applies in the case of employees and staff of the banks. These are, as I have already said, the real makers, the real earners of the profits. To exclude them altogether from any seat on the Board or share in directing the policy or conducting the activities of an institution like a bank,—which after all is a public utility service,—is I think mistaken, mistaken not only in the interests of the bank itself, but mistaken also in the larger interests of the country. I hold this view because one day, however remote though it may be in the conception of my honourable friend, the Knight of the Money Bags, Sir Homi Mody or Mr. Mody, one day you will have to take over all public utilities. And when you have to take them over such a utility as a Bank you must find the personnel necessary and qualified to carry on these activities. If these activities have to be carried on by really qualified persons, then I think it is high time we begin now to give some representation to the workers, in the bank on the Board of Directors, on the highest place, on the highest authority regarding the conduct of the affairs of the bank.

All your claim, all your scheme for profit-sharing, for instance, would be useless or meaningless, so long as the determination of the profit is done exclusively by the proprietors or their representatives on the Board of Directors. There are ways and means by which profits can be made up, can be cooked, can be shown at a lower level or higher level, as you desire. And unless the workers are properly associated from the start, so to say,—unless the workers know how these profits are earned or made up, they would be justified in distrusting any scheme of profit-sharing.

I am, therefore, suggesting that, in this pre-eminent profit-making institution, namely a bank, it would be useful, and I think just as well necessary that we should have representatives of workers on the board of directors. That, therefore, is the justification for the next part of my amendment.

There remains only the last part of that section of the amendment which concerns the customer. The customer is the least represented in the direction of a bank's policy. In a co-operative institution, no doubt, the customer is most important; and no one has suggested that any lack of success,—assuming that there is any in the co-operative bank,—is due to the fact that customers were conducting or shaping the policy of the bank and taking part in its activities also. If it can be so in the case of a co-operative bank, why should it not be so in the case of commercial banks, where, presumably, the ordinary customer is as directly concerned with the daily business of the Bank as anybody else; and therefore would be in a position to advise on the Board of Directors quite as well as the ordinary director himself.

We have, indeed, a provision in the Act that directors cannot get for themselves unsecured loans from the Bank they direct; and, therefore, the customer, subject to this Act, if he happens to be elected as director or nominated as director, will certainly not be entitled to benefit himself only in the conduct of the bank's operation.

Lest, however, that possible danger may dispose any section of the House against this amendment, I am trying to secure that, not the floating elements which make up the customers, but Government acting on behalf of the community as a whole, shall nominate one person on the Board to represent this floating or changing element of customers. After all the ultimate customer of

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all banks is the community as a whole. Therefore the Government should act as the trustee of the community. There is nothing improper in it. In fact it is but right and proper that the Government should do so.

All these categories are those which are most vitally interested in the successful operation of the bank; and as such I suggest that they should be all given their due share, or at least some share on the Board of Directors, so that they may be associated in shaping the policy and overlooking the conduct of the affairs.

One word more with regard to the last part of my amendment, namely that the Reserve Bank should make rules prescribing the qualifications for directorship whether elected or nominated. The rules, of course, may relate only to the procedural side, whether of election or nomination; but they must include some definite qualifications being prescribed for appointing or electing directors. This, I take it, will apply not only to the shareholders' directors and these three other categories—depositors, employees and the customers. Unless and until the directors are qualified, until and unless they have the necessary knowledge, training and experience, the entire Banking system may suffer, the entire business may suffer: all the more so, since at least as much as half of the total board may consist of representatives of the shareholders. I take it therefore that the qualifications prescribed by the rules shall apply as much to the directors chosen by the shareholders as those elected by the depositors or by the staff or employees or by the customers, or by all these or by Government on behalf of all these.

These qualifications, I further suggest, need not be necessarily restricted to the possession of certain capital holding in the bank or certain deposit holding. But even if you have that (We can lay down as one of the qualifications the possession of some share or some other stake in the success of the bank) I suggest that there must be more positive, additional, and substantial qualifications which may justly rank as a reasonable claim to some knowledge and understanding of banking business. What those qualifications should be I am not presumptuous enough to say, prescribed here. I am leaving it to the Reserve Bank to make rules laying down these qualifications. Since the authority to lay down the rules will be pre-eminently that of the bankers' Bank, the national central bank or the credit institution of the country, I trust no one will look with suspicion and distrust upon this national organisation making rules of the kind suggested here.

For all these reasons I commend this very important amendment which I have the honour to place before the House and I trust the House will accept it.

Mr. Chairman: Amendment moved:

"That after clause 15 of the Bill, the following new clause be added:

'15A. (1) The policy of every banking company shall be governed and regulated by a Board of Directors, consisting of not less than seven and not more than eleven Directors, of whom—

(i) not more than half shall be elected by the shareholders from amongst themselves;

(ii) not more than one-third of whom shall be nominated by the Government of India, on the advice of the Reserve Bank of India, to represent the deposit holders in the Bank, with due regard to the proportion between demand and fixed deposits;

(iii) and at least one Director shall be nominated by the Government of India, on the advice of the Reserve Bank, from amongst the members of the staff and employees of the bank to represent the staff and employees; and

(iv) one Director shall be nominated by Government of India, on the advice of the Reserve Bank, to represent the customers of the bank not included in any of the above categories.

(2) The Reserve Bank of India shall make rules to regulate the procedure of election or nomination of the Directors mentioned in sub-section (1), and prescribing the qualifications and experience required for such election or nomination in each case :

Provided that no Director shall hold office at any time for more than two terms in succession'."

Srijut Rohini Kumar Chaudhuri: In all the past amendments moved by my honourable friend Prof. Shah it was always possible for a layman to make a distinction or make two divisions, one acceptable and the other unacceptable, one thinkable and the other unthinkable. We could make such broad divisions in all his past amendments. But in the case of his present amendment I am afraid no such distinction can be made. I am of opinion that none of the provisions which my honourable friend seeks to introduce would be acceptable if we examine the provisions carefully. First of all I consider it to be an arbitrary proposition that all banks must have directors not less than seven. Let us think for a moment of a bank which has been newly started and which has a comparatively small capital. If you insist that that bank should have not less than seven directors it will not be wise. At the same time in a big bank where a large sum of money is involved, large amount of capital has been invested and large amount of deposit has been taken, would it be wise to restrict the number of the directors to eleven? So I find it extremely difficult to accept the very first addition which my honourable friend has laid down in his amendment.

Coming to the clause in which he says that of the directors "not more than half shall be elected by the shareholders from amongst themselves" this clause is like turning out the owner of the house and occupying the house yourself. The shareholders in a bank or in any concern are in my opinion the persons more largely interested than anybody else. Just think for a moment of a concern which is not a banking concern and there you want to introduce somebody into the responsible position of director in the board of directors. At least you ought to have allowed the majority of the board of directors to be taken from the shareholders because they are the persons whose interest is largely at stake. So, that in my opinion is a very arbitrary proposition and should not be accepted by the House.

Then I come to the second sub-clause which says that "not more than one-third of whom shall be nominated by the Government of India, on the advice of the Reserve Bank of India, to represent the deposit holders in the bank, with due regard to the proportion between demand and fixed deposits". Now, this is a very difficult proposition and I do not know if my honourable friend has considered this matter in all its aspects, whether it is a practical proposition at all. Take for instance the case of the demand depositors. They are more or less transient beings. You will have a current deposit today and you may not find it the next morning. So I think it is rather going too far to give the demand depositors a representation in any bank. After all what interest has he got? He has not got any permanent interest in the bank. Demand deposit is removable at any time. Why are you so anxious to give representation to the demand depositors I cannot understand. Even in the case of fixed depositors the fixed deposits are only for a fixed period. Fixed deposits are not kept in the banks for all time. Why should they have any representation and why should they have as much or as substantial a representation as one-third of the whole board of directors. *(Shri B. L. Sondhi*: They may have drawn their deposits also.) My honourable friend Mr. Sondhi does not speak out in this Banking Companies Bill because he is afraid of wasting some time and afraid of persons who are interested in another Bill probably. So he is just giving out his views by way of interruption.

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I also want to draw the attention of the House to the very impractical character of this proposition. Why is the Government of India going to bother its head about all sorts of banks which are going to be started in the country, and why should the Government of India take the responsibility of foisting upon the board of directors some member whom the Government of India consider fit? Why should they do it? And why should the Reserve Bank of India go about scanning the leaves of all the shareholders of different banks and find out from them persons whom they can recommend for the board of directors on any bank? Suppose a bank is started in the far eastern corner of India and certain persons have taken shares in it, how can the Reserve Bank go about inquiring and find out who amongst them are most deserving of nomination by the Government of India as a director of that bank? Therefore I say that in these days when both the Government of India and the Reserve Bank should be busy in chalking out a policy of nationalisation of banks, of which a large section of the House seems to be so much in favour, why should they fritter their energy and bother themselves in hunting out suitable members for the board of directors of banks?

The third sub-clause which my honourable friend has put in here runs as follows: "and at least one Director shall be nominated by the Government of India, on the advice of the Reserve Bank, from amongst the members of the staff and employees of the bank to represent the staff and employees". It is a most absurd proposition. Nobody could think of it. I know that in some educational institutions aided by Government and which have a managing committee, the staff is represented on the managing committee. If my honourable friend has taken the analogy from that I cannot praise him for doing so. It is one thing to run an educational institution and it is quite another thing to run a banking concern. To introduce into the board of directors of a banking concern representation from the staff is asking for something too much because after all it is the staff which has to be managed by the board of directors themselves and if the staff can come in their midst and thereby prevent or stand in the way of a proper criticism of the work of the staff, that would mean something which will very seriously hamper the work of the board of directors.

The next thing which my honourable friend will probably ask in a Managing Committee of an educational institution would be that the students should have a seat in the Managing Committee of a school. Already, Sir, a system has been started, and I think it has been started in various places in India, whereby the students have themselves now and then taken upon themselves, the duty of selecting their teachers, making representations to the Managing Committee that a certain teacher is bad or that certain teachers ought to be changed. That sort of a thing may be a sort of an amusing pastime but it cannot be seriously considered in a banking concern. So, I say that even if my honourable friend is so ambitious as to ask the House to accept this amendment, he should at any rate withdraw the amendment in sub-clause (iii) which, in my opinion, is quite absurd.

Then, the most stunning blow which this amendment gives is what is contained in sub-clause (iv). It is an astounding proposition and it will take years for the Government of India to institute proper investigation and to oblige the honourable Mover in complying with what he wants in this clause. This clause says that the Directors shall be nominated by the Government of India on the advice of the Reserve Bank, to represent the customers of the bank not included in any of the above categories. Where are you going to find out all the customers of the bank? And from among the customers of

the bank the Reserve Bank shall have to select somebody and submit a recommendation to the Government of India and the Government of India out of a panel of the list which is given by the Reserve Bank of India, has to find out a suitable customer who will be able to represent them in the Board of Directors.

Who are the customers, may I ask? Does the honourable member refer to the borrowers of the banks as the customers, or the depositors again come as customers? The depositors are already covered. Sir, I do not understand what actually is meant by "customers" in this clause. And where can they be found and how can their list be prepared? Supposing my honourable friend Mr. Jhunjhunwala gives me a cheque—which he some times does, by the way—and I cash that cheque in some bank, am I the customer of that bank on whom he has issued the cheque, or am I not? So, if I am the customer, then there are two customers in one transaction. He is a customer because he has issued the cheque, and I take the cheque and give it to Mr. Ahmed; I take the cheque and I become a customer and Mr. Ahmed actually cashes the cheque in some bank and he also becomes a customer. So, in one transaction there can be several customers and how can you find out these customers?

The honourable mover of the motion perhaps desires as a sort of a set-off on account of the rather unkind treatment which he has received at the hands of the Select Committee and also the Honourable Minister who has in most of his points not seen eye to eye with him and has given a lot of trouble, as a sort of a revenge he wants the Honourable the Finance Minister to go about in the country, search out the customers, hunt out the depositors, look at the employees of the different banks and then make up his mind whom he should nominate, whether he should accept the recommendations of the Reserve Bank or not.

An Honourable Member: Sir, it is already one O'clock.

Mr. Chairman: He is finishing now.

Srijut Rohini Kumar Chaudhuri: I have not finished, Sir.

Mr. Chairman: Then the House stands adjourned till 2-30 P.M.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. Speaker (The Honourable Mr. G. V. Mavalankar) in the Chair.

Srijut Rohini Kumar Chaudhuri: I will now make my observations on the sub-clause (2) of this new Clause 15A. Sub-clause (2) says that "the Reserve Bank shall make rules to regulate the procedure of election or nomination of the Directors mentioned in sub-section (1) and prescribing the qualifications and experience required for such election or nomination in each case." There is a proviso, which says "that no Director shall hold office at any time for more than two terms in succession." Presumably, the word "election" in this sub-clause refers to the election of Directors from amongst the shareholders, because the other sub-clauses do not refer to any election but are confined to nomination. Now, I would most strenuously resist this sub-clause on the ground that now you are going to invite the Reserve Bank of India to lay down qualifications for election as Director of a banking concern. All banking concerns which are now in existence have in their Articles of Association laid down qualifications of Directors and also the procedure by which they will be elected. If the House accepts this sub-clause, it will mean that new qualifications which may be different from those laid down in the Articles of Association and new procedure for election will have to be adopted. That cannot

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be supported by any banking concern. On the other hand, there will be a lot of row if you are going to tell the existing banking concerns, "Look here, you have to modify your Articles of Association, you have to modify your procedure. This is the new qualification laid down by the Reserve Bank and those who are not qualified according to it will have to go out of the Board of Directors." It may so happen that by the new rules which will be laid down by the Reserve Bank most of the shareholders of the bank will have been disqualified and prevented from having a position in the bank itself.

That is about qualification. Now about experience. I have a very great quarrel over this word "experience". Now, what do you mean by "experience"? Is it the experience of a Director, or experience as a successful businessman, or experience as a retired Government servant in a responsible position, which will be a qualification? What is the experience you want? Furthermore, it becomes a good contradiction—whether long experience is wanted or even a short experience will do. In all matters where experience is wanted, the longer the experience the greater the value we attach to it. Now, my friend Prof. Shah has limited by this proviso the experience to a period of two terms.

Mr. Speaker: May I know whether the honourable Minister proposes to accept this amendment?

The Honourable Dr. John Matthai: No, Sir. I am not going to accept it.

Mr. Speaker: Therefore, the opposition is unnecessary now. Let us proceed to the next clause.

Srijut Rohini Kumar Chaudhuri: It is better to know the thing and give one's vote. The Minister may oppose it, but am I not entitled to give my views on this subject?

Mr. Speaker: Certainly, but the point is that we have a very long Bill and a large number of amendments, and the same arguments are being repeated.

Srijut Rohini Kumar Chaudhuri: I am not repeating.

Mr. Speaker: The honourable member is not repeating his own arguments, but the arguments advanced by others. Practically, the points are the same and generally-speaking, the arguments are being advanced over and over again. It is difficult to say which is being repeated and which is not being repeated. Now, that the honourable Minister does not accept the amendment, the honourable member may put his points very briefly. He need not take a long time.

Srijut Bihari Lal Bhargava (Ajmer-Merwara): But in spite of the Minister's not agreeing to the amendment, still the amendment may be acceptable to the majority and therefore my friend's arguments may help us.

Mr. Speaker: Theoretically, everything can be argued, but we have to see whether we are utilising the time of the House to the best advantage or not.

Srijut Rohini Kumar Chaudhuri: So far as this amendment is concerned, no one has spoken excepting Prof. Shah and now myself. When I began to speak, the Honourable Minister had not expressed his views, and I do not know—sometimes by accident some amendments of my honourable friend Mr. Ahmad are accepted.

Mr. Speaker: Therefore, I put it to the honourable Minister whether he is going to accept it or not. However, the honourable member may shortly state his points.

Srijut Rohini Kumar Chaudhuri: I have two points. I will deal with them one by one. As regard experience, I pointed out how, if this proviso is accepted, short experience seems to be preferred to longer experience. As regards nomination and qualifications to be laid down for nomination, what are the qualifications in case of depositors? Whether a fixed depositor will be preferred or a depositor who has a current account will be preferred—this point has to be seen. As regards the experience and the qualification of the employee, whether it is educational qualification or the higher position of the employee in the office should be given preference.

Thirdly, as regards shareholders even, we find among the shareholders there are some who invest large sums of money, but who are not educationally as qualified as other shareholders. There are graduates, M.A.s. and doctors also among shareholders. We do not know whether these latter should be preferred or whether a man who is ignorant or illerate should be preferred just because he has invested large sums of money, in the matter of election or nomination. Sir, I keep an open mind, though I oppose this amendment. There may be some points in it which may commend themselves to the House, and it is just possible that the amendment is accepted by the House.

The Honourable Dr. John Matthai: I oppose this amendment. As regards the appointment of directors is concerned, the proposal embodied in the Bill is that the appointment of directors of banking companies should be regulated under the relevant provision in the Companies' Act, Sec. 83 (a) and Sec. 87. The scope of this Bill is limited. It is intended to prevent the more serious abuses which have crept into our banking system, particularly in the war period, and for this purpose we think it unnecessary to introduce such drastic provisions regarding the directors of banks. It is impracticable for Government to nominate the directors of banks in the whole country. It is quite an impracticable thing. Apart from that, if the Government and the Reserve Bank accept responsibility for the management and supervision of every banking company in the land, such a responsibility will place them in a very embarrassing position.

As regards the depositors, it is a very difficult question, and it stands on the same footing as the representation of consumers in an industry. Naturally we take it that the Government which represents the whole community would be representative of the depositors and the consumers. In fact the whole purpose of this Bill is to prevent the interests of depositors and of customers directly being jeopardised. The general prohibition with regard to the various practices of bankers which are likely to adversely affect the interests of customers will, I think, be quite sufficient; and I do not think any purpose will be served by accepting Professor Shah's amendment.

Mr. Speaker: I put the amendment to the vote of the House.

The question is:

"That after clause 15 of the Bill, the following new clause be added :

'15A. (1) The policy of every banking company shall be governed and regulated by a Board of Directors, consisting of not less than seven and not more than eleven Directors, of whom—

(i) not more than half shall be elected by the shareholders from amongst themselves;

(ii) not more than one third of whom shall be nominated by the Government of India, on the advice of the Reserve Bank of India, to represent the deposit holders in the Bank, with due regard to the proportion between demand and fixed deposits;

(iii) and at least one Director shall be nominated by the Government of India, on the advice of the Reserve Bank, from amongst the members of the staff and employees of the bank to represent the staff and employees; and

(iv) one Director shall be nominated by Government of India, on the advice of the Reserve Bank, to represent the customers of the bank not included in any of the above categories.

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(2) The Reserve Bank of India shall make rules to regulate the procedure of election or nomination of the Directors mentioned in sub-section (1), and prescribing the qualifications and experience required for such election or nomination in each case :

Provided that no Director shall hold office at any time for more than two terms in succession.' "

The motion was negatived.

Mr. Speaker: I find that we have been in this clause by clause consideration of the Bill, for more than two days and we have not got to more than about half of it. So I have two things in mind to save time, without interfering with the proper discussion of the subject. One is that I propose to request the Honourable Minister to intervene and give out his views on any amendment as it is moved. That will clarify the position of the Government to the House; and only those who do not agree with the Government may find it necessary to make long speeches in support of the amendment, if the Government is opposed to it, or in opposition to the amendment, if the Government is inclined to accept it. That will materially save the time of the House.

The second suggestion is that, though I am very much unwilling to impose any time limit for a particular amendment, I think I shall have to request Members to agree to some such convention, so far as this Bill is concerned, if we find that any particular amendment is being debated for an inordinately long time. But I hope we shall not have to resort to it, if we follow the first procedure that I have suggested.

Prof. N. G. Ranga: I hope this procedure will be relevant to this particular Bill only.

Mr. Speaker: What the honourable member perhaps means to ask is whether this procedure is restricted to this particular Bill. Yes, and to other Bills in similar circumstances. My point is that everything will be judged on its own merit. This is not necessarily a precedent. I do not want to have any time limit whatever in the matter of a legislation. But as we go on with this Bill, it is inevitable that arguments are repeated over and over again, different aspects are stressed at different times, the substance of the arguments being the same.

Prof. K. T. Shah: Sir, I move:

"That in clause 16 of the Bill, after the word 'is', the words 'himself or whose father or brother or nephew or partner 'be inserted."

Mr. Homi Mody: Or father-in-law?

Prof. K. T. Shah: No fathers-in-law.

Sir, the amended clause would read thus

"No banking company incorporated in a Province of India shall have as a director any person who is himself, or whose father, or brother, or nephew, or partner is a director of another banking company."

This is intended to guard against a banking directorate becoming more or less a close concern, an exclusive field in which, by means of inter-locking arrangements, the entire control of the banking system is reserved, so to say, for a very small number of persons, in effect.

Sir, I have listened with the utmost respect and attention to what you were pleased to say a few moments back; and I can assure you that, for my part, I have taken every word of it to heart. I shall try my very best to carry out what you have said. But, may I, with all respect, submit that this is a very important and an organic measure, on the proper construction of

which depends, not only the welfare of the present generation, but even of the future generations. This is a service which goes to the very root of the matter, and it needs to be looked at from a variety of angles. The arguments, therefore, advanced for the several amendments by several speakers may sound like repetitions. But, speaking for myself, I can assure you that I shall try to avoid any repetition. (*Shri B. L. Sondhi*: "But you have no further amendments") I have no more amendments, not because I have become out of breath, but because I have some consideration for other people, too.

The intention of this amendment is to avoid the possibility of banking directorates becoming a close-geld, for personal relatives or business associates, of bank directors. If they by their relatives and associates become directors in Bank after Bank, there would soon be a monopoly of directorships for a small section. Persons belonging to one bank should not be appointed directors in another bank. That, I think, is a straight proposition; and as such, ought not to be objected to. I hope the House will accept the amendment.

Mr. Speaker: Amendment moved:

"That in clause 16 of the Bill, after the word 'is', the words 'himself or whose father or brother or nephew or partner' be inserted."

The Honourable Dr. John Matthai: Sir, I oppose this amendment. I think it is unreasonable, unworkable and unsound to visit the sins of a director upon his father, brother, nephew or partner.

Shrijut Rohini Kumar Chaudhuri: I support the principle contained in this amendment from this point of view. Why it is necessary to have this provision is this. A director of a Bank, if he is also a director of another trading concern, or Bank, might be in a position to influence the board of directors to advance money to that other firm or Bank without any security, or with insufficient security or for any other reason for which this bank may suffer. If that is so, it is necessary that the near relations of the board of directors of a bank should not be allowed to have any interest in any other concerned. Otherwise, the *benami* system will take place. Suppose I am a director of a bank, I cannot be a director of an Insurance company or Bank. What I shall do is, just to help my son or son-in-law or somebody who is a near relation to be a director of that concern. The whole object of this Bill will be frustrated unless you have a restriction on the lines of my honourable friend Prof. Shah's amendment. So this aspect of the matter may be considered by the honourable Minister.

Mr. Speaker: I shall now put the amendment to vote.

Shri B. P. Jhunjhunwala: On a point of clarification, Sir, will it apply to the existing banks? Suppose a man is a director of so many banks, will he retire as soon as this Act comes into force?

The Honourable Dr. John Matthai: Yes.

Mr. Speaker: The question is:

"That in clause 16 of the Bill, after the word 'is', the words 'himself or whose father or brother or nephew or partner' be inserted."

The motion was negatived.

Mr. Speaker: The question is:

"That clause 16 stand part of the Bill".

The motion was adopted.

Clause 16 was added to the Bill.

Clause 17 was added to the Bill.

Mr. Nasiruddin Ahmad: I move:

(i) "That in clause 18 of the Bill, for the words 'on the Friday of each week' the words 'on Friday of each week' be substituted."

(ii) "That in clause 18 of the Bill, for the words 'on each such Friday', the words 'on each Friday be substituted."

The Honourable Dr. John Matthai: Sir, I accept the amendments.

Mr. Speaker: The question is:

"That in clause 18 of the Bill, for the words 'on the Friday of each week' the words 'on Friday of each week' be substituted."

The motion was adopted.

Mr. Speaker: The question is:

"That in clause 18 of the Bill, for the words 'on each such Friday', the words 'on each Friday' be substituted."

The motion was adopted.

Mr. Speaker: The question is:

"That clause 18, as amended, stand part of the Bill."

The motion was adopted.

Clause 18, as amended, was added to the Bill.

Shri O.V. Alagesan (Madras: General): Sir, I move:

"That in sub-clause (2) of clause 19 of the Bill, for the word 'forty' wherever it occurs, the word 'thirty' be substituted."

I remember the Honourable the Finance Minister in his reply to the debate in the course of the general discussion has agreed to reduce the forty per cent. to thirty per cent. and I hope he will accept this amendment.

The Honourable Dr. John Matthai: I will accept the amendment.

Mr. Speaker: The question is:

"That in sub-clause (2) of clause 19 of the Bill, for the word 'forty' wherever it occurs, the word 'thirty' be substituted."

The motion was adopted.

Mr. Naziruddin Ahmad: I move my amendment. I would like to know whether it will be accepted.

The Honourable Dr. John Matthai: No.

Mr. Naziruddin Ahmad: I move:

"That in clause 19 of the Bill,—

(*i*) the first proviso to sub-clause (2) be omitted; and

(*ii*) in the second proviso to sub-clause (2) the word 'further', occurring in line one, be omitted."

This proviso reads:

"Provided that a banking company shall not be liable for an inadvertant contravention of the provisions of this sub-section if it had not been guilty thereof for a period exceeding two months and if it satisfies the Reserve Bank without delay that such contravention was inadvertent."

There is an attempt to excuse deliberate contravention of the provisions of the clause. I submit this would be extremely mischievous and this should be entirely deleted.

Shri L. Krishnaswami Bharathi (Madras: General): The wording is, "inadvertent contravention".

Mr. Naziruddin Ahmad: It purports to be inadvertent contravention, I shall show there could be no inadvertent mistake anywhere in a bank. Under sub-clause (2), a bank cannot possibly be the owner whether as pledge mortgagee or absolute owner, of the shares of another company, exceeding thirty per cent. of the paid up share capital of that company and also it cannot subscribe to or hold as pledgee, mortgagee or as absolute owner any shares in excess of thirty per cent of that company. Where is the chance of any inadvertent mistake? Is it possible for anybody to make a mistake as to what is the share capital of a limited company? These are public figures. Any limited company has a

defined and well known share capital which is known and which is at any rate knowable, and the share-capital of his own concern is also known. How can it be possible that a man inadvertently subscribes or takes shares more than thirty per cent. of another company? I submit that this could not be inadvertent. What is the consequence? On a point of clarification, I would like to know whether this is a provision against the prosecution of inadvertent contravention. Is it so? (*The Honourable Dr. John Matthai*: 'Yes.') I shall show also that a prosecution would not lie, because, here, the liability is that of the 'company'. The proviso says: "Provided that a banking company shall not be liable....." you cannot prosecute a company. The only penalty provided is in sub-clause (4) of clause 46. Sub-clauses (1) to (3) deal with different matters. Sub-clause (4) says:

"If any other provision of this Act is contravened, or if any default is made in complying with any requirement of this Act or of any order made thereunder, every director and other officer of the banking company who is knowingly a party to the contravention or default, shall be punishable....."

So, a man cannot be punished under the penalty clause for any contravention which is done unknowingly. The safeguard which is attempted to be provided through the proviso in question is sufficiently provided for in sub-clause 4 of clause 46. The prosecution can only be of a director or an officer who knowingly contravenes or is a party to the contravention. The proviso under consideration tries to save a company which can never be prosecuted under the penalty clause. So the proviso is inapplicable to any conceivable set of circumstances. It is impossible, thus, in normal circumstances, to conceive of an inadvertent mistake on the part of a banking company. We are laying down a procedure against principles of sound banking. The proviso should be deleted. In fact, if we allow this proviso to stand, it would rather open the door to fraud and knowing contravention; and whenever any body is caught, he would say "this is inadvertent". The Reserve Bank will have to be approached and they will have to be satisfied that the contravention was inadvertent and so on and so forth, and then the contravention must last for two months and so on and so forth before any prosecution could be launched.

I submit the safeguard which is a normal safeguard that a man cannot be held guilty of any offence unless he does an act knowingly is sufficiently provided for in clause 46. Even apart from this, it is a well known principle of law which has been recently enunciated by the Judicial Committee that unless knowledge or intention is definitely ruled out by a Statute, such knowledge or intention is the necessary ingredient of an offence, *i.e.*, for an offence, unless knowledge or intention is definitely ruled out, it is to be presumed that a man can never commit an offence unless he does the act knowingly or intentionally. In these circumstances I beg to submit that the proviso is objectionable from every point of view and it is absolutely needless and it may throw the door wide open to fraud.

3 P. M.

Then, Sir, the drafting is bad. It should have said that "unless the contravention has continued for two months". Instead of that clause says "if it had not been guilty thereof for a period of exceeding two months." The companies cannot be guilty because the company is not contemplated within clause 46. Further, a man merely contravenes a provision. He is "guilty" only when the court says so. I submit this proviso should be carefully considered in relation to clause 46 and in relation to points which I have mentioned. I think the proviso is absolutely meaningless and should be dropped.

Mr. Speaker: Amendment moved:

"That in clause 19 of the Bill,—

(*i*) the first proviso to sub-clause (2) be omitted; and

(*ii*) in the second proviso to sub-clause (2) the word 'further' occurring in line one, be omitted."

The Honourable Dr. John Matthai: This proviso was put into the Bill in response to suggestions made to the Select Committee by a representative deputation of bankers. Because I thik they felt that although you might not impose penalties under Section 46 and though no positive purpose may be served hy it, nevertheless it is worth while giving a clear direction of this kind for the guidance of bankers in their day to day work. The question of inadvertency is a matter which has to be decided on by the Reserve Bank. They have to satisfy the Reserve Bank as to whether there is inadvertency. That is the main point he has raised.

Mr. Naziruddin Ahmad: May I point out that the Reserve Bank's complaint is absolutely necessary under clause 47? No prosecution could proceed unless upon a complaint by the Reserve Bank. If the Reserve Bank thinks that no contravention has been made, it would not prosecute at all.

Pandit Thakur Das Bhargava (East. Punjab: General): If no penalty is provided at all, where is the gravamen of the offence?

Mr. Homi Mody: May I explain to my friends what happens? The provision was put in the Bill, as the Finance Minister said, as a result of the representation made by the deputation which appeared before the Select Committee. In the case of large banks, such as the Bank with which I happen to be connected, having dozens of branches all over India, more than one branch may be asked advance against a particular scrip. Now at a particular moment when any Branch Agent is asked to advance money, he does not know what other Agents have been advancing or the Head office has advanced, and the Head Office is not in a position to say what the aggregate of advances is that have been made by all the branches on that particular scrip. Therefore it is that the safeguard has been provided. At the end of the month, of course, all returns are in and the Head Office is in a position to lay down instructions for the guidance of all agents asking them not to go beyond a particular limit. But at a particular point of time when an advance is asked for, it is not possible for every Agent to know what other agents or the Head Office have advanced on that particular scrip.

Mr. Speaker: As I see, the difficulty pointed out is this. It is not that inadvertency is not possible. That is conceded but the point made out seems to be that, if this inadvertence and the consequence of it is not liable to be punished either by prosecution or in any other manner in the exercise of its powers by the Reserve Bank, then where is the occasion for this proviso? If it is a breach which is not punishable in any manner, then why have this proviso?

Mr. Homi Mody: Sir, so far as the point made by you is concerned, it is a matter for the Draftsman, but my honourable friend's point was that it was impossible for a bank to commit through inadvertence a breach of this section.

Mr. Speaker: That is how I understood the point.

Shri M. Ananthasayanam Ayyangar (Madras: General): I wanted to intervene earlier and say that the arguments of my friends Mr. Naziruddin Ahmad and Pandit Bhargava are not for deletion but for introducing an omission later in the penalty clause. In a big bill of this kind sometime here and there, with all due diligence, some mistakes might be committed. Now we were under the impression that this would be covered by connecting clause. Originally it was stated not more than 20 per cent of the shares of any other company should be held by a bank. That was what the Original Select Committee

reported. This Select Committee somehow thought that is should be increased from 20 to 40 per cent. Now the Finance Minister seems to agree to 30 per cent. Mr. Naziruddin's point is it is not the penalty whether it is 20 per cent or 40 per cent. Even if it be 40 per cent we cannot catch hold of these people. We are much obliged to my friend Mr. Naziruddin Ahmad for having pointed out the default committed in the penalty clause. I am sure this is important and with your permission and I hope you will excuse the absence of notice in this matter. I will move an amendment. This proviso is intended for the *bonafide* cases. A bank may have so many branches and one branch might be taking as pledge a number of shares and another may take and it may be more than 30 per cent. So unless within a period of two months they make it up they are liable to be punished. With this my friend Mr. Mody also agreed that it is a matter for drafting. So the person who has to cry against is keeping quite and let us not try to water it down. I would appeal to Mr. Naziruddin Ahmad not to insist on his amendment but let us join together and put down another amendment to make this penalty clause a little stringent and cover this particular case also.

Mr. Naziruddin Ahmad: I have not the least objection to making the law stringent.

Shri S. V. Krishnamoorthy Rao (Mysore State): I think it is already covered. It comes under Section 46, clause (4) which reads:

"If any other provision of this Act is contravened, or if any default is made in complying with any requirement of this Act or of any order made thereunder, every director and other officer of the banking company who is knowingly a party to the contravention or default, shall be punishable with a fine....."

Mr. Speaker: The point is this. There is the word 'knowingly' there. So mere contravention will not do. In order to charge a director or other person with libility, the knowledge of that particular breach must be brought home to him. Therefore his argument was that this proviso becomes meaningless if you put in the word 'knowingly'. If you drop it, the proviso might be without any meaning because I do not know what the other provisions are. The question will have to be considered, whether every director or other person is to be made liable merely by the accident of his being a director or any other person. He may be staying thousands of miles away and even if the breach is inadvertent he may be liable.

I think the best course would be, unless the Finance Minister is very clear on that point and he is of the other view, to consider the present amendment along with clause 46, because the provisions are allied. I can keep them over for consideration and the matter can be taken up later on. I do not think it is merely a drafting matter.

The other point will have to be considered as to whether every director or other person is to be made liable criminally merely because he is a director, and irrespective of the fact as to whether he knows or not or has nothing to do with the breach.

The Honourable Dr. John Matthai: I will have it examined.

Mr. Speaker: So may I postpone consideration of the amendment? It may then stand over. The point may be informally discussed and if honourable members come to a conclusion that some amendment of Section 46 is necessary, or some amendment is necessary here,—whatever it is—provided it is substantially agreed upon, I will accept it.

Mr. Naziruddin Ahmad: Sir, I move:

"That in the second Proviso to sub-clause (2) of clause 19 of the Bill, for the words 'without delay', the words 'within one month of the said commencement' be substituted."

[Mr. Naziruddin Ahmad]

In the second proviso it is said that if something is done without delay, the person involved may be saved. But the words "without delay" are vague. There should be some time limit. A prosecution may depend upon this. Otherwise, it will be impossible to find out whether information has been given to the Reserve Bank without delay. In fact, when a prosecution may depend on this, this may create an uncertainty. I have suggested one month to bring out the point, but the matter may be considered. This vagueness also adheres to the first proviso "without delay".

Mr. Speaker: Amendment moved:

"That in the second Proviso to sub-clause (2) of clause 19 of the Bill, for the words 'without delay', the words 'within one month of the said commencement' be substituted."

Pandit Thakur Das Bhargava: It should be two months as in the previous proviso.

The Honourable Dr. John Matthai: "Without delay" might stand because it provides a certain amount of elasticity: "...if it reports the matter without delay to the Reserve Bank if it brings its holding of shares into conformity with the said provisions within such period, not exceeding two years, as the Reserve Bank may think fit to allow". I think that makes sufficient provision for that amount of indefiniteness.

Mr. Naziruddin Ahmad: The Bank is to report without delay on the question. The prosecution will depend on whether the report has been made with delay or without delay. It is impossible for any Court of Law to find out whether it is with delay or without delay. The prosecution would be uncertain.

The Honourable Dr. John Matthai: That part may be left elastic as it stands now. It does not do any harm.

Shri M. Ananthasayanam Ayyangar: This one month we need not insist upon, because even if it is only without delay, the matter has to be brought to the notice of the Reserve Bank. But the bank can have two years time within which it can readjust its holdings, namely, "...if it brings its holding of shares into conformity with the said provisions within such period, not exceeding two years, as the Reserve Bank may think fit to allow." The Reserve Bank may give two years. "Without delay" is what the Reserve Bank may consider in the circumstances. If it is only one or two banks, it may not be difficult. It may ascertain the facts and there will not be any delay. What is a delay with respect to a small bank may not be a delay in respect of other banks. It is best to leave it as it is.

Pandit Thakur Das Bhargava: These words "without delay" should be deleted. It is the company which has to find out whether it has contravened and it is not the Reserve Bank who has to find out that there is a contravention. It is the duty of the company to report without delay. I would like two months as in the previous proviso. In that case, it will be two years again which will be given by the Reserve Bank Unless "without delay" is made definite, it will be difficult for the court to find out what is "without delay".

Mr. Speaker: The point seems to be that any bank which contravenes this provision cannot know about it unless it investigates all its dealings and affairs, and that bank has to be given some time to look into all its affairs: then only, after it has looked into all these matters, there is the question of delay or no delay. The bank cannot be expected to look into all its dealings in one or two months. The maximum delay is permissible.

Mr. Naziruddin Ahmad: Two years time is given for the Reserve Bank to readjust, but the information must be communicated without delay.

Mr. Speaker: But first the party has to know that there is a contravention, and how can it know it unless it looks into its affairs?

Mr. Naziruddin Ahmad: Give them two months!

Mr. Speaker: I think it has been sufficiently discussed. Does the honourable member want it to be put to the House?

Mr. Naziruddin Ahmad: Yes.

Mr. Speaker: The question is:

"That in the second Proviso to sub-clause (2) of clause 19 of the Bill, for the words 'without delay', the words 'within one month of the said commencement' be substituted."

The motion was adopted.

Mr. Naziruddin Ahmad: I move:

"That in the second Proviso to sub-clause (2) of clause 19 of the Bill, for the words 'may think fit to allow' the words 'may allow' be substituted."

The words "may think fit to allow" rather indicates a psychological factor. If we leave it as it is, then the test will be subjective as to what was in the mind of some officer of the Reserve Bank. If you say "may allow" that is enough. The thing must depend on the actual allowing and not on whether the officer "thinks fit" to allow. In fact the test is absolutely wrong. It should be an objective test, a test which can be perceived by the senses as a physical fact. If it is "allowed" it indicates that they "think fit to allow", but nothing should be made to depend on the psychological condition of the mind of the officer.

The Honourable Dr. John Matthai: I have nothing to say.

Mr. Speaker: Do I put it to the House?

Mr. Naziruddin Ahmad: Yes.

Mr. Speaker: The question is:

"That in the second Proviso to sub-clause (2) of clause 19 of the Bill, for the words 'may think fit to allow' the words 'may allow' be substituted."

The motion was adopted.

Mr. Speaker: So clause 19 stands over and I shall not put it to the House. May I make one more suggestion now. It seems.....

Mr. Naziruddin Ahmad: Sir, the further amendments are not of such a controversial nature.

Mr. Speaker: There are several amendments which stand in the name of Mr. Naziruddin Ahmad...

Shri B. L. Sondhi: Ninety five per cent.

Mr. Speaker: Will it not be possible just to sit outside the House, discuss them informally and come to a conclusion...

Mr. Naziruddin Ahmad: Sir, I shall be perfectly willing but I do not get the opportunity.....

Mr. B. L. Sondhi: There are 125 more amendmeuts in his name.

Mr. Speaker: I think my suggestion should be possible if the Honourable Minister agrees...

Mr. Naziruddin Ahmad: Sir, I would like to know whether any of these amendments would be acceptable to the honourable Minister.

Mr. Speaker: Instead of ascertaining that in the House itself, it would be better if the parties sit outside the House for half an hour and discuss the amendments between themselves.

The Honourable Dr. John Matthai: Sir, I had all the amendments examined in consultation with the law officers and I regret to say that I am not in a position to accept any of the amendments to clauses, 20, 21 and also 22. I have had them all examined.

Mr. Speaker: Is the honourable member then keen to move any one of the amendments now? Let us be clear about these three clauses.

Mr. Nazirudin Ahmad: I can say that only one by one.

[*At this stage Mr. Speaker vacated the Chair, which was then occupied by Mr. Deputy Speaker (Shri M. Ananthasayanam Ayyangar.)*]

I do not wish to move any of the amendments to clause 20.

Mr. Deputy Speaker: The question is:

"That clause 20 stand part of the Bill."

The motion was adopted.

Clause 20 was added to the Bill.

Mr. Nazirudin Ahmad: I do not know if the honourable Minister would consider accepting any of the amendments under this clause.

The Honourable Dr. John Matthai: They have been considered and I am unable to accept any.

Mr. Nazirudin Ahmad: They should be considered with reference to the arguments and reasons behind them. It is impossible to appreciate an amendment without hearing the argument for it. If it is the desire of the House that I should not move them, I would not trespass upon the attention of the House any more. I do not know what is the desire of the House.

Mr. Deputy Speaker: The honourable member must make up his mind. That is not the method of ascertaining the wishes of the House. The honourable Minister does not accept the amendments.

Mr. Nazirudin Ahmad: Sir, there is a feeling in the House that the amendments are of a dilatory character or are of an unsubstantial character. It looks as if I have created a certain amount of disgust in the House.

Mr. Deputy Speaker: We shall start with a clean slate and it is open to the honourable member to make up his mind one way or the other.

The Honourable Dr. John Matthai: May I make an appeal to the honourable member? I am grateful to him for drawing my attention to these points but I can tell him that I discussed them very fully, I spent a great deal of time over all these amendments of which my honourable friend has given notice. I am not dismissing them off hand.

Mr. Nazirudin Ahmad: I am not saying that the honourable Minister is dismissing them summarily. I am submitting that it is not easy to see the points in favour of an amendment unless it is argued by the member who moves it.

Shri L. Krishnaswami Bharathi: The idea of the discussion proposed outside the house was to give him the opportunity of convincing the honourable Minister.

Prof. N. G. Ranga: There is still half an hour more for discussion of the Bill.

Mr. Deputy Speaker: Take for instance the first amendment. The honourable Minister does not accept it. There is no difference between the original clause and the amendment, unless an enormous amount of light is likely to be thrown by the honourable member. In view of what the honourable Minister has said it is open to the honourable member to move his amendments or not. We need not spend any more time on this.

Mr. Nazirudin Ahmad: Although members say that I am free to move, still I feel that there is a desire that I should rather stop. In fact it is hardly appreciated that these drafting amendments are of substance. Only seven days ago in the Federal Court the word "the" in a particular place created a lot of trouble and Shri K. M. Munshi had to advance a long argument over it. It was felt that the position of the word "the" and a 'comma' created a lot of difficulties. These are not very easy to appreciate for those who are not accustomed to deal with them. So it is not easy off hand to give up a thing or to press for it. The best course is to move the amendment, press it before the House and rely upon the judgment of the House. Yesterday an honourable member told me privately that it is provoking to be met with a comma. The very sight of the thing upsets many honourable members. Sir, I do not propose to move any amendment to clause 21 but I do so under protest....

Shri L. Krishnaswami Bharathi: Sir, there should be no reflection on the House.

Mr. Deputy Speaker: I should like it to be understood by the honourable member that the House is not against him. So far as this particular clause is concerned the honourable Minister thinks that these amendments are not so important. However, if the honourable member feels seriously that further discussion is necessary he can move them without making any remarks against the House as a whole.

The question is.

"That clause 21 stand part of the Bill."

The motion was adopted

Clause 21 *was added to the Bill.*

Clause 22 *was added to the Bill.*

Clause 23 *was added to the Bill.*

Mr. Nazirudin Ahmad: I would like to know whether my amendment would be acceptable to the honourable Minister. It is only a re-arrangement of the words, which appears better.

The Honourable Dr. John Matthai: I do not accept it.

Mr. Deputy Speaker: The honourable member may move his amendment if he wants.

Mr. Nazirudin Ahmad: I do not wish to move it.

Mr. Deputy Speaker: The question is:

"That clause 24 stand part of the Bill."

The motion was adopted.

Clause 24 *was added to the Bill.*

Clause 25 was added to the Bill.

Mr. Nazirudin Ahmad: I would like to know whether my amendment would be acceptable. It is a desirable re-arrangement.

The Honourable Dr. John Matthai: No.

Mr. Naziruddin Ahmad: I submit that re-arrangements ought not to be rejected because of the fact that it is re-arrangement or that the existing words would do. Sometimes it is said that a wooden cat would do if it can catch rats.

Shri L. Krishnaswami Bharathi: Catch wooden rats, I suppose.

Mr. Naziruddin Ahmad: You ought not merely to say that the existing draft would do. One cannot be too careful in the matter of drafting. We should have in view the difficulties which would arise in a court of law. I would ask the Honourable Minister to consider this re-arrangement from that point of view.

The Honourable Dr. John Matthai: I have considered the re-arrangement and I do not think it improves the drafting.

Mr. Deputy Speaker: The next amendment seems to be more of substance and I think the honourable member may confine himself to that.

Mr. Naziruddin Ahmad: I move:

"That in clause 26 of the Bill, for the words 'all accounts', occurring in line four, the words 'all deposit accounts' be substituted."

Mr. Deputy Speaker: Does the honourable Minister accept it?

The Honourable Dr. John Matthai: No, Sir.

Mr. Naziruddin Ahmad: The passage occurs in clause 26, in line 4. It is there that "every banking company shall, within thirty days after the close of each calendar year, submit a return in the prescribed form and manner to the Reserve Bank as at the end of such calendar year of all accounts in the Provinces of India..." The words "all accounts" standing alone would be somewhat misleading. I think what is meant is all deposit accounts, that is all accounts of current or fixed deposits which have not been operated upon for ten years. "Accounts" may mean account books, but "deposit accounts" may mean something specific. If we say "all accounts which have not been operated upon for ten years" it might be intelligible to a businessman, but it is not sufficiently precise.

Mr. Deputy Speaker: Is it not made clear by the words which immediately follow namely "giving particulars of the deposits"? "Return of accounts" does not mean return of account books.

Mr. Naziruddin Ahmad: It can be made more intelligible.

Mr. Deputy Speaker: I do not think the honourable member presses it.

Mr. Naziruddin Ahmad: No, Sir.

Mr. Deputy Speaker: In the next amendment. I think the words suggested and the words which stand in the clause mean the same thing.

Mr. Naziruddin Ahmad: "Maturity" is the term which is well-known and which is universally used. That is the technical expression. My honourable friend Mr. Mody will be able to say that. We all think of the date of maturity of a fixed deposit. Whenever it becomes payable it becomes mature.

The Honourable Dr. John Matthai: "Date of expiry" is clearer.

Shri H. V. Kamath (C.P. and Berar: General): Perhaps my honourable friend Mr. Naziruddin Ahmad thinks that an individual does not necessarily expire when he becomes mature and that is why he is suggesting the word.

Mr. Nasiruddin Ahmad: Bachelors do not mature!

Sir, I shall first move this amendment. I move:

"That in the Proviso to clause 26 of the Bill, for the words 'date of the expiry of such fixed period', the words 'date of maturity' be substituted."

The date of expiry of such fixed period really is the date on which the deposit becomes payable. As I submitted, the usual expression is "maturity" of such deposit. Mr. Homi Mody is fortunately here and I think he will be in a position to tell us what is in vogue. It will not do merely to say that the thing is intelligible but the correct expression in vogue should be used.

Mr. Homi Mody: Since my expert opinion has been asked for I am giving it free, gratis and for nothing. "Maturity" would be certainly the better word. But that is not the point on which I rose to intervene. What I would like to know is, what do Government propose to do with all these inoperative deposits? Is it intended to confiscate them? What is the intention behind this provision, may I know?

The Honourable Dr. John Matthai: That is a matter for the Reserve Bank to decide.

Shri B. L. Sondhi: But it is the official organ today.

The Honourable Dr. John Matthai: You do not surely want to provide straightway for the particular way in which it would decide.

Mr. Homi Mody: On their own responsibility the Reserve Bank could not decide. It would be a matter of legislation or an ordinance.

Shri B. L. Sondhi: Government must be able to give us a satisfactory reply on this point.

The Honourable Dr. John Matthai: I take it that unclaimed deposits might in the end revert to the State.

Shri B. L. Sondhi: What? Expropriate them?

Mr. Homi Mody: In a number of instances the accounts may not be operated upon for a variety of reasons. A man may not bother about the account, and for years and years it might lie undisturbed. I myself have a small account in a bank which I have not operated upon for a very long time. I do not know whether.....

The Honourable Dr. John Matthai: May I suggest that as the clause stands at present, the particular point that Mr. Mody has raised does not really call for any answer. Because, all that is required here is a report. It is only a matter of information.

Shri B. L. Sondhi: Then Government is not committed. Is that the idea?

The Honourable Dr. John Matthai: Mr. Mody put a hypothetical question and I have said that this is a matter to be discussed later on. The question does not arise here. All that clause 26 contemplates is information.

Mr. Deputy Speaker: The point raised by Mr. Mody does not arise with reference to this clause. The unclaimed deposits will be disposed of according to the law of the land unless the law is modified.

Mr. Homi Mody: There is no law of the land yet.

Mr. Deputy Speaker: In respect of a property belonging to a person he can file a suit up to thirty years from the date of refusal of payment. The bank is always bound to render an account when the period of limitation is over. It is not left to the Finance Minister to explain as to how and under what circumstances it will be dealt with. All that is said here is to safeguard the interests

[Mr. Deputy Speaker]

of the depositors, they must send an account to the Reserve Bank which is one more check.

Shri B. L. Sondhi: In other words, so far and no further.

Mr. Deputy Speaker: Yes. Regarding the amendment of Mr. Naziruddin.

Mr. Naziruddin Ahmad: That has been forgotten altegether!

Mr. Deputy Speaker: The Honourable Minister does not accept it.

The Honourable Dr. John Matthai: I prefer "expiry".

Mr. Deputy Speaker: The question is:

"That in the Proviso to clause 26 of the Bill, for the words 'date of the expiry of such fixed period', the words 'date of maturity' be substituted."

The motion was negatived.

Mr. Deputy Speaker: The question is:

"That clause 26 stand part of the Bill."

The motion was adopted.

Clause 26 was added to the Bill.

Mr. Naziruddin Ahmad: I would like to know whether my amendment would be acceptable.

The Honourable Dr. John Matthai: No.

Mr. Naziruddin Ahmad: I shall move it just to show the dufficulty. I move:

"That in sub-clause (2) of clause 27 of the Bill, for the words 'The Reserve Bank may, by notice in writing, require a banking company at any time to furnish it', the following be substituted :

'The Reserve Bank may at any time, by notice in writing, require a banking company to furnish it'."

I submit the whole point in the amendment is the placing of the parenthetical expression "at any time". Where would you place it? In the clause it is placed, I submit, a little wrongly. It says "The Reserve Bank may by notice in writing require a banking company at any time to furnish it". Whether the expression "at any time" is to be taken along with the furnishing of it or with the Reserve Bank requiring it at any time is not clear because the expression is placed between the two conditions. It is hovering between the previous condition and the subsequent one.

The Honourable Dr. John Matthai: Sir, may I accept this?

Mr. Deputy Speaker: The question is:

"That in sub-clause (2) of clause 27 of the Bill, for the words 'The Reserve Bank may, by notice in writing, require a banking company at any time to furnish it', the following be substituted :

'The Reaerve Bank may, at any time, by notice in writing, require a banking company to furnish it'."

The motion was adopted.

Mr. Deputy Speaker: The question is:

"That clause 27, as amended, stand part of the Bill.

The motion was adopted.

Clause 27, as amended, was added to the Bill.

Clause 28 was added to the Bill.

Mr. Naziruddin Ahmad: Sir, before I move the next amendment, I would like to know whether it will be acceptable.

The Honourable Dr. John Matthai: No Sir.

Mr. Deputy Speaker: Then, does the honourable member wish to move it?

Mr. Nasiruddin Ahmad: Sir, it is difficult even for me to make up my mind on the spur of the moment as to whether this is to be moved .....

Mr. Deputy Speaker: The honourable member must have looked into all these things.

Mr. Nasiruddin Ahmad: No, Sir. It is so difficult to keep notice of all things which have come and of things coming in advance that I cannot make up my mind. I must consider it. In fact, we have skipped over a large number of amendments, so I was a little out of breath.....

Mr. Deputy Speaker: I do not think the honourable member expected that all his amendments were acceptable!

Mr. Nasiruddin Ahmad: An argument may alter the mind of the honourable member. It may be that there may be some good thing underlying these amendments. Sir, I think it is better for me to move it. I beg to move:

"That in sub-clause (1) of clause 29 of the Bill, the word 'At the expiration of each calendar year' be omitted."

Mr. Homi Mody: Then what happens to the subsequent reference to "that year"? If you cut out the words mentioned in your amendment then the subsequent words are meaningless.

Mr. Deputy Speaker: In his next amendment, the honourable member has put "at the expiration of each calendar year" later on. It is only juxtaposition.

Mr. Nasiruddin Ahmad: All right, Sir, I do not press the amendment.

Mr. Deputy Speaker: The next amendment is also not pressed?

Mr. Nasiruddin Ahmad: Not pressed.

श्री लक्ष्मी नारायण साहू: मेरा जो संशोधन है वह बहुत छोटा है। लेकिन इस प्रस्ताव को मेरा देने का मतलब यह है कि यहां एकदम खुलासा कर देना चाहिये क्योंकि आडिट जो होता है बहुत जगह में गड़बड़ होजाती है और आखिर में बैंक की खराबी होती है। इसलिए क्लाज़ २९ का जो बी पार्ट है उसमें इतना हो जोड़ दिया जाय।

(English translation of the above.)

Shri Lakshminarayan Sahu (Orissa: General): I have got a minor amendment. The object in moving this amendment is that it should be clearly laid down that occasionally as the audit is not properly conducted it ultimately affects the Bank adversely. Therefore, the following be added to part (*b*) of sub-clause (2) of clause 29 of the Bill.

Mr. Deputy Speaker: The amendment has not been moved. The honourable member will move it first.

Shri Lakshminarayan Sahu: I move:

"That for part (b) of sub-clause (2) of clause 29 of the Bill, the following be substituted:

'(*b*) in the case of banking companies incorporated outside the Provinces of India by the manager, or agent or the principal officer of the company in the Provinces of India duly audited by an auditor qualified under Section 144 of the Indian Companies Act.'"

Mr. Deputy Speaker: The amendment does not fit in. Possibly the honourable member wants in the amendment, in addition, "these accounts must be duly audited by an auditor qualified under Section 144 of the Indian Companies Act."

The Honourable Dr. John Matthai: Here it is only a question of signing.

Mr. Deputy Speaker: Yes, signing by the Manager.

Mr. Homi Mody: There is no question of auditing about it.

Shri Lakshminarayan Sahu: If he signs it he must assure himself that it is properly audited.

Mr. Homi Mody: Then the phrasing of your amendment does not bring it out.

Mr. Deputy Speaker: Possibly the honourable member forgot to mention —as it is a misprint, we do not know—after the words "Provinces of India", the words "after the accounts are". I think that is what the honourable member probably means. Then the amendment will read thus:

"That for part (b) of sub-clause (2) of clause 29 of the Bill, the following be substituted :

'(b) in the case of banking companies incorporated outside the Provinces of India by the manager, or agent or the principal officer of the company in the Provinces of India, after the accounts are duly audited by an auditor qualified under Section 144 of the Indian Companies Act.' "

The Honourable Dr. John Matthai: Personally, I think, Sir, that it is quite unnecessary to have this provision because as far as the standing of auditors in other countries is concerned. I do not think we are justified in casting this reflection upon auditors who have been accepted as auditors certified in other countries I think it is a point to remember that we might have branches in other countries and this sort of a thing might call for retaliation.

Shri Lakshminarayan Sahu: But will it not leave loopholes for certain banking companies not to get their accounts audited by duly certified auditors?

The Honourable Dr. John Matthai: But it would be done by people who would be certified under the law of the country. There is a later provision for that.

Mr. Deputy Speaker: Does the honourable member wish to move his amendment, or if he has moved it does he withdraw it?

Shri Lakshminarayan Sahu: I have moved it.

Mr. Deputy Speaker: The Honourable Minister does not accept it. Anyhow, if it is the wish of the honourable member to put it to vote I will formally do it, along with the additional words—evidently that is the intention of the mover.

The question is:

"That for part (b) of sub-clause (2) of clause 29 of the Bill, the following be substituted :

'(b) in the case of banking companies incorporated outside the Provinces of India by the manager, or agent or the principal officer of the company in the Provinces of India, after the accounts are duly audited by an auditor qualified under Section 144 of the Indian Companies Act.' "

The motion was negatived.

Mr. Deputy Speaker: Then the next two amendments are formal ones.

Mr. Nasiruddin Ahmad: Sir, I wish to speak on this point, though I do not wish to move the amendment. The point is about the expression "official Gazette". This expression is defined in the General Clauses Act.

Mr. Deputy Speaker: The only point is, if the small letter 'o' is put there for the big letter 'O', perhaps it may be that the printer had only the small letter.

The Honourable Dr. John Matthai: No. Sir, in various enactments 'official' begins with small 'o' and 'Gazette' "G".

Mr. Naziruddin Ahmad: I wish to clear up the point. I have carefully considered the amendment. Sir, I beg to move.....

Mr. Deputy Speaker: This particular thing appears in various other enactments also.

Mr. Naziruddin Ahmad: Let it be discussed and finished once and for all. Let the House give a ruling.

Mr. Deputy Speaker: It has already been decided that House cannot give direction so far as capital letter and small letter is concerned. It is for the Draftsman.

Mr. Naziruddin Ahmad: The House has the right. It is useless for us to refer the matter to the Draftsman, who systematically ignores it. It is better for us to know that this sad state of affairs would be more acceptable to the official Draftsman and then we shall cease to trouble ourselves altogether. I wish to explain the whole situation. First of all, I shall move it.

Mr. Deputy Speaker: I think it will be better to refer this matter to the Draftsman to adopt a uniform course in this matter.

Mr. Naziruddin Ahmad: I wish to give them certain amount of information.

Mr. Deputy Speaker: The amendment will be sent to them.

Mr. Naziruddin Ahmad: I should explain my position

Mr. Deputy Speaker: I think this has been sufficiently explained a number of times. I rule that this suggestion shall be left to the Draftsman.

Mr. Naziruddin Ahmad *rose—*

Mr. Deputy Speaker: Order, order. The question is.....

Mr. Naziruddin Ahmad: Then it is perfectly useless.

(The honourable member threw his papers on his tables)

You may do whatever you like.

Mr. Deputy Speaker: Such kind of conduct on the part of the honourable member will not be tolerated by the Chair.

The question is:

"That clause 29 stand part of the Bill."

The motion was adopted.

Clause 29 was added to the Bill.

Mr. Naziruddin Ahmad: I desired to make my point clear.

Mr. Deputy Speaker: It is not the intention of the Chair, particularly myself, who has only come here for some time and will get back to the seat there—I am one with you it is not my desire to insult any member, but on the other hand we have had these suggestions for a long time and the honourable member has been given us all treats about this matter. This is a matter for the Draftsman and therefore there must be a stage, especially when we are anxious to get through this Bill, when we should stop. I am sure the honourable member also appreciates the desire.

Mr. Naziruddin Ahmad: I have co-operated with the desire of the House.

Mr. Deputy Speaker: But against this, why should this House have to spend more time whether it should be capital letter or small letter so far as 'Official Gazette' is concerned? I leave it to the House to decide whether it is right or not. I have given my ruling.

Shri R. K. Sidhva: You have given the ruling. We must obey when a ruling is given.

Mr. Naziruddin Ahmad: I move:

"That in part (b) of sub-clause (1) of clause 30 of the Bill, for the word 'country' the words 'country or the Indian State' be substituted."

Shri B. L. Sondhi: Can we legislate on the Indian States? Is not the amendment out of order?

Mr. Nazimuddin Ahmad: It is an Acceding State. It should be "Acceding State".

Shri B. L. Sondhi: You cannot change your own amendment now.

Mr. Nazimuddin Ahmad: It is not my amendment. It is the property of the House. It is due to the House to make it as perfect as possible. I admit the justice of the objection taken by Mr. Sondhi and in obedience to his direction, I wish to amend it into "country or an Acceding State." I shall explain the position. The passage occurs in clause 30. It refers to audit. It is said that "the balance sheet and profit and loss account shall be audited by a person duly qualified to be an auditor under the law of the country in which the Company is incorporated." I beg to submit that there are many companies which are incorporated outside India or the Acceding States, but there may be a company operating in India which has been incorporated in an Acceding State. In such circumstances, the audit of the company may be conducted by an auditor who is qualified under the law applicable to the Acceding State concerned. This is the intention of the amendment. I believe there are banking companies in India which have been incorporated in an Acceding State. Is that not so?

The Honourable Dr. John Matthai: If I may explain, I think the honourable member's amendment is rather misconceived, because the word "country" applies to any territory which has a particular system of laws. India is a country, a State is a country, U.K. is a country; it really shows the territorial area within which a particular system of laws applies.

Mr. Nazimuddin Ahmad: I have given due consideration to that, but here in the context, a country does not to my mind include an Acceding State at all. Country really means an independent country—Afghanistan, Persia, China are all countries, but in regard to the States, they are Indian States and they are Acceding States. The question is whether the word "country" is sufficiently comprehensive to include also an acceding State. The safeguard in sub-clause (2) of clause 5 would not also help, because here the word used is "country", not "province". The whole question is whether "country" is sufficiently wide to include Acceding States. I submit that it is not. In fact, my amendment is designed to clearify it so as to include also an Acceding State. That would make it absolutely complete and it would give right to auditors to audit the accounts of a banking company which is incorporated in a State.

Mr. Deputy Speaker: Amendment moved:

"That in part (b) of subclause (1) of Clause 30 of the Bill, for the word 'country' the words 'country or an Acceding State' be substituted."

Pandit Thakur Das Bhargava: Sir, I support the amendment moved by my honourable friend, because the law as regards auditors in the provinces of India and in the Indian States is not the same and we are having the Chartered Accountants Bill and even there the qualifications in respect of persons who are in the Indian States are not the same. This morning, I met a gentleman who hails from Jaipur, and he did not pass any examination but the State of Jaipur appointed him auditor for companies. According to the Bill we are now considering, this gentleman will not be qualified to be an auditor, whereas in Jaipur State he is a good auditor. Unless a specific mention is made for the States, this will not cover those cases.

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I submit that section 5(2) will not cover this point. Therefore it is quite necessary that we should make it quite clear that auditors in the Indian States will be competent to audit accounts of companies in those States.

Shri S. V. Krishnamoorthy Rao: Sir, I think clause 1(2) makes the position quite clear. It states that this Act shall apply to all the Acceding States. All references to Provinces in India will be considered as including the States also, and I think the amendment is not necessary.

The Honourable Dr. John Matthai: May I explain the words that we have used to distinguish the various territorial areas. We use the word 'provinces' with regard to the Dominion and "Acceding State" with regard to the States but the word "country" is common to both.

Mr. Deputy Speaker: The question is:

"That in part (b) of sub-clause (1) of Clause 30 of the Bill, for the word 'country' the words 'country or an Acceding State' be substituted."

But what will happen if there is a different law in an Acceding State?

The Honourable Dr. John Matthai: He will be qualified under the law which prevails in that State.

The Honourable Shri K. Santhanam (Minister of State for Railways and Transport): Under the new Bill for auditors, the auditors in the Acceding States will also be brought in.

Mr. Deputy Speaker: But if the State accedes only for certain purposes, and not for the Banking or Company law purposes, what happens?

Shri S. V. Krishnamoorthy Rao: In that case, the wording will have to be "other than Acceding States" because the Acceding States come under the Provinces under Clause 5(2).

Mr. Deputy Speaker: Anyway, I shall put the amendment to vote. I have already read it.

The motion was negatived

Mr. Deputy Speaker: The House now stands adjourned till 5 P.M. today.

The Assembly then adjourned till Five of the Clock in the afternoon.

The Assembly re-assembled at Five of the Clock in the afternoon, Mr. Speaker (The Honourable Mr. G. V. Mavalankar) in the Chair.

RAILWAY BUDGET FOR 1949-50

The Honourable Shri N. Gopalaswami Ayyangar (Minister for Railways and Transport): I rise, Sir, to present the Budget for Indian Government Railways for the financial year 1949-50, and, in doing so, to invite the attention of honourable members to certain broad results of their administration.

2. With the conditions that prevailed in the country immediately after the transfer of power in 1947 and the manner in which Railways had to function under those conditions, the House has been made fully familiar by my predecessor when he introduced the Budgets for the latter 7½ months of 1947-48 and for the year 1948-49. I do not propose to deal with them again on this occasion. The strain of the second world war, the splitting into two of a united railway system, the violent civil disturbances in the Punjabs, the aggression and fighting in Kashmir, the Hyderabad Police action, the general economic and transport upset---these and other similar developments in the country confronted Railway Administrations with problems at once difficult, grave and unprecedented in their nature and intensity. But they tackled them all with determination and vigour and the situation had, after a few months, so far improved that Dr. Matthai was able to tell the House in February last that we had turned the corner. Not only had we then got our feet planted firmly on the road to normalcy but we have since confidently, and with increasing pace, made progress in the direction of a rationalisation and an expansion of the service that Railways render to the public. Partition, as a profoundly disturbing factor in our economy, has not spent itself out completely yet. But it is rapidly receding into the background and we are progressively settling down to the new and altered condi-

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tions created by it. Railways have registered this trend perhaps even more quickly than other sectors of our economic make up.

3. The story of Indian Government Railways, their actual performance during the last 18 months, their present position and their promise for the future will take me longer to tell than the time I would willingly tax the patience of the house for on any other matter or occasion, but I do hope honourable members will bear with me on the present occasion. It is not my purpose, however, to recount anything like a fairy tale. I shall not seek to exaggerate such small achievements as the Railways may claim to their credit; neither shall I gloss over their obvious and many deficiencies. Mine will be an endeavour to give an unvarnished recital of some features of Railway Administration as it has been, and, as I hope it will, in the immediate future, be.

4. I desire at the outset to take Honourable Members into my confidence and tell them straightaway that there will be no enhancement of railway fares or freights in the coming year. This, I hope, will be received by the House and the country with a sense of relief. One reason for my making this known at once is that, if I reserved it to a later stage of my speech its surprise value might get discounted on account of its inevitability on the fact and argument preceding it. There is, however, another reason. That, inspite of the Central Pay Commission scales of pay and dearness allowance, of the Adjudicator's Award, of the mounting demand by labour for larger additions to wages, of the continually rising cost of works and stores and the like, we have not yet reached the stage of being compelled to raise fares and freights for financing them in the Budget year is a piece of good fortune which I am naturally anxious honourable members should share with me and the Government from the earliest possible moment. It will, I hope, put honourable members into a cheerful frame of mind—if nothing else, into a mood for enduring the drab, largely factual, account of finance and administration that it will be my duty to place before them this afternoon.

5. I shall first give a summary of the financial position. For the first time after the partition, figures are available for a three-year period—the actuals of a past or completed year, the Revised Estimates for the passing or current year and the Budget Estimates for the coming or Budget Year. Only in the present case, the year for actuals is a truncated one, being the period of 7½ months from 15th August 1947 to 31st March 1948.

6. Both the Budget and Revised Estimates for this period of 7½ months were based on a number of uncertain factors and were, therefore, vitiated by some amount of guess work. The Budget Estimate showed a deficit of Rs. 2.69 crores which was raised to Rs. 5·2 crores in the Revised Estimate. In the accounts of the year, however, the actual gross receipts were Rs. 7 crores less than in the Revised Estimate but the Working Expenses also showed a reduction of Rs. 8.75 crores. There was a net improvement of Rs. 87 lakhs under Miscellaneous Transactions and a saving of Rs. 34 lakhs under Interest Charges. The actual net deficit was, therefore, Rs. 2.74 crores which was met by withdrawal from the Railway Reserve.

7. In the Budget for the current year the estimate of gross traffic receipts was placed at Rs. 190 crores. Deducting Rs. 3.87 crores on account of worked lines, the traffic receipts of Indian Government Railways were estimated at Rs. 186·13 crores. The chief contributors to the amount under gross traffic receipts were passengers (Rs. 79·54 crores), other coaching traffic (Rs. 13·82 crores), goods (Rs. 94·16 crores), other earnings (Rs. 3·44 crores) and suspense (minus Rs. 96 lakhs). A considerable growth of traffic, both passenger and goods was relied upon for sustaining

these estimates. The experience of actual receipts in the course of the current year indicates that the Budget Estimates will be bettered substantially. Passenger earnings will account for an increase of Rs. 5·86 crores, other coaching earnings for an addition of Rs. 3.91 crores and goods earnings, for a rise of Rs. 3;20 crores. In the case of passenger earnings, it is due to a large increase in the numbers using railways and some decrease in ticketless travelling. An enhancement in the rates for parcels and the larger volume of military traffic maintained throughout the year are responsible for the increase under other coaching earnings. The additional revenue under goods earnings is mainly due to the general revision carried out of the railway rates freight structure with a view to achieving both rationalisation and simplification. The new rates came into effect on the 1st October, 1948. The Revised estimate figure for passenger earnings is Rs. 85·40 crores: for earnings from other coaching traffic Rs. 17·78 crores and for goods earnings Rs. 97·36 crores. Allowing for a drop of 30 lakhs under other earnings and a difference of 1.88 crores under suspense, the total of gorss traffic receipts has been placed at Rs. 204·50 crores in the Revised Estimate of the current year. Deducting Rs. 4·12 crores for worked lines, the traffic receipts of Indian Government Railways will amount to Rs. 200·38 crores.

8. Working expenses for the ourrent year were taken at Rs. 159.78 crores in the Budget but are put at Rs. 168.71 crores in the Revised Estimate. Ordinary Working Expenses will be higher by Rs. 8·71 crores due largely to increased expenditure under repairs and maintenance, freight and handling charges on fuel, loss on grainshops and dearness allowance. There will be a small addition of Rs. 11 lakhs to the Appropriation to the Depreciation Reserve Fund; though the capital expenditure is below the estimate, a sum of Rs. 25 lakhs has to be appropriated to the Fund on account of the Darjeeling-Himalayan Railway. Another Rs. 11 lakhs are accounted for by increased payment to worked lines. *Per contra* there will be an improvement of Rs. 13 lakhs under Miscellaneous transactions. The net revenue which in the Budget Estimate was taken at Rs. 32·37 crores will be Rs. 38.07 crores in the Revised Estimate. From this has to be deducted the amount (Rs. 22·24 crores) representing interest on the Capital at charge. The net surplus on the year's transactions is thus estimated at Rs. 15·83 crores. I shall be dealing with the disposal of this amount later.

9 The estimates for the Budget year 1949-50 have been framed as carefully as it is possible to do now. It is not anticipated that there will be any substantial change in general economic conditions in the country taken as a whole. There is likely to he no worsening of the present position. On the other hand, it might be hoped that such overall change as might express itself will be in the direction of a slight improvement. It is expected that there will be a progressive replacement of outworn locomotives and a consequent improvement in the power position. More traffic will thus be catered for. The new freight rates which were enforced in 1948-49 only for half the year would operate during the whole of the year 1949-50 and bring in an appreciable addition to goods earnings. The food position however, might be difficult. There will probably he a gradual extension of rationing and scarcity conditions have already made their appearance in parts of the country. A record volume of food grain imports is anticipated. All this would mean a larger internal movement of food grains which, being low-rated traffic, will probably express itself in some reduction of goods earnings. A slight drop in passenger earnings has been assumed as a result of the introduction of the new three class accommodation in trains, though the recent trends of the results of this change do not altogether justify this apprehension and there might possibly be some increase under this head. The progressive increase in recent years in the volume of parcels traffic will, it is expected, he maintained in 1949-50. And this, together with the

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revision of parcels rates introduced from the 1st October 1948, will also bring in some addition. There will, however, be a fall in earnings from military traffic. Based on these anticipations, the Budget Estimate of gross traffic receipts has been placed at Rs. 210 crores. This is the combined result of a slight reduction under passenger earnings (Rs. 31 lakhs) and under sundry earnings (Rs. 10 lakhs), an improvement under other coaching earnings (Rs. 39 lakhs) and under goods earnings (Rs. 6·04 crores). Deducting receipts of worked lines (Rs. 4.15 crores), the traffic receipts of Indian Government Railways will amount to Rs. 205·85 crores.

10. The estimate of ordinary working expenses for the Budget year has been placed at Rs. 159·03 crores being Rs. 3·17 crores above the figure (Rs. 155·86 crores) in the Revised Estimate of the current year. The additional dearness allowance sanctioned by Government with effect from the 1st January 1949 to all staff drawing not more than Rs. 250 has been provided for the full year at a cost of about Rs. 8 crores. The increase in pay and running allowances of Running Staff will cost another 1 1/3rd crores. The total provision on account of cash dearness allowance is estimated at Rs. 28·85 crores to which has to be added the loss on working the restricted Grainshops Scheme, for the benefit of those sections of the staff who have opted for it, namely Rs. 12·80 crores. For the programme of implementation of the Adjudicator's Award to be carried out in 1949-50, the different Railway Administrations except to employ about 74,000 additional hands and the consequent increase in the wage bill on this account alone will be about Rs. 4 crores. An increase of Rs. 1·15 crores over the Revised Estimate of the current year will occur under periodical over hauls and other repairs to locomotives and other rolling stock and under track maintenance. For payment of claims for goods lost or damaged other than those relating to prepartition transactions, an amount of Rs. 1.31 crores has been included. To the total under Working Expenses (Rs. 159·03 crores) has to be added Rs. 11·47 crores under depreciation and Rs. 1·62 crores for payments to worked lines.

11. The net revenue of the Budget Year will thus be Rs. 32·32 crores. Deducting Rs. 22·88 crores under interest charges, the net surplus will be Rs. 9·44 crores.

12. I shall now explain how I propose to dispose of the net surplus in each of the two years 1948-49 and 1949-50. According to the arrangements recommended at the time of the last Budget by a Committee of the House presided over by you, Sir, and accepted by the House, out of the Railway surplus for the year 1948-49, Rs. 4·50 crores were to be credited to General Revenues and an equal amount to the Railway Reserve Fund; the balance and any improvement in the surplus that might accrue during the year were to be credited to the Railway Betterment Fund. The surplus was estimated in the current year's Budget at Rs. 9·84 crores and thus the Betterment Fund obtained a credit of Rs. 84 lakhs. The Revised estimate figure for the Railway surplus is as I have already said, Rs. 15·83 crores, an increase of about 60 per cent. Under the arrangements already referred to, this amount would have had to be distributed as follows:—

General Revenues	.. ..	Rs. 4·50 crores.
Railway Reserve Fund	.. ..	Rs. 4·50 crores.
Betterment Fund	.. ..	Rs. 6·83 crores.

I have, with the concurrence of my honourable colleague, the Finance Minister, reviewed the position in the light of compelling considerations. The substantial increase in the total surplus amount and the needs of the general financial position of the country justify an increase of the contribution which Railways may make to General Revenues. Neither of the two usual claimants for the Railway share of the surplus, namely, the Railway Reserve Fund and the

Railway Betterment Fund stands in its present condition in need of any replenishment. On the other hand, the Railway Depreciation Reserve Fund requires to be strengthened to the maximum possible extent. It has, therefore, been decided to distribute the current year's Railway surplus as follows:—

General Revenues	Rs. 7·34 crores.
Railway Betterment Fund ..	Rs. ·84 crore.
Railway Depreciation Reserve Fund.	Rs. 7·65 crores.

For the same reasons as in the case of the 1948-49 surplus, the Budget surplus for 1949-50 (Rs. 9·44 crores) will be allocated as follows:—

General Revenues	Rs. 4·72 crores.
Railways	Rs 4·72 crores.

The whole of the Railways share will be appropriated to the Railway Depreciation Reserve Fund.

13. Expenditure not chargeable to the Revenue of the year is financed from three sources, Capital Funds, the Betterment Fund and the Railway Depreciation Reserve Fund. In the Budget for the current year, a provision of Rs. 53·29 crores was made for such expenditure. The Assam rail link will, however, cost us Rs. 1½ crores more than what was entered for it in the Budget. In the course of the year we have sanctioned and commenced additional works not provided for in the Budget, such as the Locomotive Building Project at Mihijam—which, honourable members will be interested to know will be renamed Chittaranjan—the doubling of the Anand Barejadi line on the Baroda-Ahmedabad Section of the B. B. & C. I. Railway, the partial doubling of the Delhi-Mathura Section and the doubling the Budni Barkhera Section of the G. I. P. Railway. *Per contra*, the expenditure anticipated on Road Services will not be fully utilised and some of the works have been dropped or postponed as a part of the measures for fighting inflation. The revised estimate of the expenditure during the year is now placed at Rs. 54 crores, Rs. 27·3 crores of which will be under Capital, Rs. 3·79 crores under the Betterment Fund and Rs. 22·91 crores under the Railway Depreciation Reserve Fund. The programme for 1949-50 is estimated to cost Rs. 71·15 crores It does not include the construction of any new line. Rs. 50 lakhs will be spent on the railway-*cum*-road bridge project over the Ganga at Mokameh. The total cost of this work is Rs. 12 crores and it is expected to take five years to complete. The expenditure on the rolling stock programme for the year will be Rs. 36·15 crores and includes 440 locomotives, all on replacement account. Rupees four crores will be spent on machinery and Rs. 26·63 crores on other works. The most important of these in the Locomotive Building Project at Chittaranjan, for which there is a provision of Rs. 5·5 crores. Provision has been made for a marshalling yard at Vatva on the B. B. & C. I. Railway and an expenditure of one crore of rupees on Road Services. It is proposed to buy the Pachora Jamner Railway at a cost of Rs. 21·86 lakhs, out of which Rs. 3·75 lakhs representing the premium will be charged to Revenue. For other details, I must request honourable members to refer to the Explanatory Memorandum. Although the budget year's programme is for an expenditure of Rs. 71·15 crores, a lump sum cut of ten per cent. is being made to provide for the usual inability of Railway Administrations to spend the full amount. The net provision entered in the budget is therefore only Rs. 64 crores, out of which Rs. 28·64 crores will come from capital, Rs. 1·5 crores from the Betterment Fund and Rs. 33·86 crores from the Railway Depreciation Reserve Fund.

14. It is necessary that I should give honourable members some particulars about our reserves. In view of the state of the Railway finances during the three year period which we have been surveying, as also the likely prospects during the period immediately following, it is safe to assume that there is no

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likelihood of our having to draw on the Railway Reserve Fund, either for meeting losses or for making contribution to General Revenues. This Fund started the current year with an opeuing balance of Rs. 6·51 crores. There has been an addition to it during the year of Rs. 5 lakhs, being the net gain on investments in shares of Branch Line Companies. The withdrawal from the Fund amounted to Rs. 5 lakhs again being arrears of depreciation on the units of replaced rolling stock chargeable to this Fund. The balanee at the end of the year will therefore also be Rs. 6·51 crores. No amount is proposed to be added to the Fund during 1949-50, nor is there any need to do so. The balance of Rs. 6·51 crores will, however, stand to the credit of the Fund in that year.

15. According to the practice in vogue since the Betterment Fund was constituted, it has been meeting not only the expenditure on passenger amenities, but also the expenditure on amenities to staff, including quarters for class IV staff and on unremunerative operative improvements costing not more than three lakhs of rupees each. The expenditure from the Fund provided in the Budget for the current year for all these purposes was Rs. 5·22 crores.. In the course of the Budget debate during February 1948, the House took exception, and I consider rightly, to this Fund being used for financing expenditure other than that relating to passenger amenities. Dr. Matthai then assured the House that its wishes would be respected in the future. In pursuance of this undertaking, the rules for the classification of expenditure have been changed. The change will in the normal course only apply to works started after 31st March 1949, but with a view to fulfilling the spirit of the undertaking given, it has been decided that the amount charged to the Betterment Fund in the Year 1948-49 in respect of worka in progress on the 1st April 1949 other than those relating to passenger amenities should be written back to Revenue in the accounts of the year 1949-50. Expenditure on amenities to staff and on unremunerative improvements costing not more than three lakhs of rupees will, from 1949-50 onwards, be charged direct to Revenue. The actual opening balance in the Fund at the beginning of the current year was Rs. 14·54 crores. The additions to the Fund during the year are Rs. 83·62 lakhs, the share of the Railway surplus and Rs. 41·80 lakhs being the interest on the balance of the Fund. From the total of these three items, namely, Rs. 15·79 crores, has to be deducted the amount of withdrawal from the Fund, namely, Rs 3·79 crores. The closing balance of the Fund in the revised estimate will thus be Rs. 12 crores. In view of this heavy balance and of the slow pace of expenditure from this Fund in the past, particularly on passenger amenities, it has been decided not to make any appropriation to this Fund in the Budget year It will, however, be credited with the interest on the balance of the Fund amounting to Rs. 40·38 lakhs. The expenditure provided for the coming year is only Rs. 1·5 crores and the whole of this will be spent on passenger amenities. The history of this Fund must be somewhat disappointing to honourable members as it is to me. Out of a total expenditure on works from the Fund since its inception, namely Rs. 98 lakhs, the amount that has been spent on passenger amenities proper was only Rs. 13 lakhs up to the end of 1947-48. And even in the current and budget years, the amounts spent on and provided for passenger amenities, are wholly disproportionate to the requirements. I can find excuses for these shortages, but cannot disguise, from myself or the House, the feeling that more should be done in this direction. The importance of pushing expenditure on passenger amenities is being repeatedly pressed on Railway Administrations and I propose to have an intensive examination of the position carried out early in the coming year with a view to listing works which should be executed and to laying down a programme with time limits for ensuring that such works are carried out with expedition. If, as a result of this intensive drive, it is found possible to spend in 1949-50 more on such works than the Rs. 1·5 crores provided for, I am sure, I shall be able

with the concurrence of my honourable colleague the Finance Minister and the Standing Finance Committee for Railways, to increase the amount to be withdrawn from the Betterment Fund for expenditure on such works.

16. The annual appropriation to the Depreciation Fund is now made at 1/60th of the capital at charge, but withdrawals are made to the full extent of the replacement cost. It has been calculated that, in respect of certain assets like locomotives which have to be replaced in 1949-50, the withdrawal from the Fund will be at the rate of rupees eight for every rupee contributed to the Fund in respect of those assets up to the date of replacement! Honourable members will appreciate that at this rate there would be a disastrous depletion of the Fund in the near future. The actual Opening Balance in the Fund at the beginning of the current year was Rs. 95·98 crores. There will be a withdrawal of Rs. 22·91 crores during the current year and Rs. 33·86 crores during the Budget year. The normal appropriation to the Depreciation Fund is Rs. 11·29 crores in 1948-49 and Rs. 11·47 crores in 1949-50. The withdrawals will thus be twice the normal contribution in the current year and three times in the coming year. The closing balance at the end of 1949-50 would have dwindled down to Rs. 61·92 crores but for the special additions to the Fund that we have decided to make; with these additions it will stand at Rs. 74·28 crores. It may be safely assumed that there will be heavy withdrawals from the Fund in the succeeding two or three years also. The position of the Fund at the end of five years from now is a matter which gives grave cause for anxiety. This unsatisfactory position is due mainly to two factors. There is a very large gap between the original cost on which the annual appropriation to the Depreciation Fund is based and the replacement expenditure at present prices. The flat rate of contribution, 1/60th, is out of tune with this gap. Secondly the Depreciation Fund which started in 1924-25 has so far received no contribution in respect of the depreciation on assets in existence then which had accrued prior to that year. These arrears were estimated at the time at Rs. 20 crores. The Indian Railway Enquiry Committee have recommended that for the next five years an annual contribution of about Rs. 22 crores should be made to the Fund. It is obvious that the whole matter should be carefully examined and our future policy in regard to depreciation should be very clearly defined. Pending such an examination, it is necessary that we should strengthen this Fund to the maximum possible extent at every opportunity that presents itself. It has accordingly been decided to pay into the Fund, in addition to the normal contribution and in instalments the 20 crores representing the arrears prior to 1923-24. The result of this policy is expressed in the Budget now presented. The total contribution to be made to the Fund under the decisions that have been taken in regard to the disposal of the Railway surplus will amount to Rs. 18·94 crores in 1948-49 and Rs. 16·19 crores in 1949-50.

17. The convention relating to the separation of Railway from General finance which was adopted by a resolution of the old Central Legislative Assembly in 1924 was, as honourable members are aware, intended to remain in force for at least three years and was to be thereafter subject to periodic revision. There was an abortive attempt by a Committee of the Assembly in 1928 to re-examine this question. For the next 15 years this attempt was not renewed. In 1943, a Railway Convention Committee which was constituted was wound up soon after it issued an interim report. In 1947, during the Budget session, a Committee of the Legislative Assembly was set up for the purpose of investigating this matter, but owing to the far-reaching political changes that followed, the Central Legislative Assembly and its Committees ceased to exist after the Budget session. It has not been possible since, in view of the far more important problems that confronted Government in quick succession, to take up this question. The investigation should, however, no longer be delayed. I shall, therefore, be inviting the House in the course of

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this session to set up a Committee to go into this matter including also the problems relating to the Depreciation Fund and to make its recommendations before the end of the calendar year.

18. From these details of Railway book-keeping, I shall now turn to a subject in which, I am sure, honourable members will feel somewhat more interested namely, Railway performance. Our travel, our agriculture and our industries have gradually grown up on a foundation of cheap and adequate railway transport. It is not, therefore, a matter for surprise that its shortcomings should come in for frequent, at times carping, criticism. The War, and the Partition which followed a little over two years later, are responsible for many of our present difficulties. We have however to bear in mind that it takes a considerable amount of time to overtake the effects of such far-reaching and disturbing events. We have made progress in overcoming them and shall continue to do so.

19. Under passenger traffic, there has been some increase in the number of trains during the current year. Between April and November 1948, 5½ million more train miles were operated than we did during the corresponding period of 1947. The additional trains have reduced overcrowding somewhat and reports recently received appear to indicate that, except in the proximity of towns and fairs, there has been a definite change for the better in this matter. But it is a fact that there has been a larger increase proportionately in the number of passengers during the last few years than the increase in the number of passenger trains and the accommodation therein. There has been consequent overcrowding which can only be relieved gradually. Steps have, however, been taken to produce more coaches. From 1st April 1948 to 1st November 1948, 172 coaches (in terms of four-wheelers) were completed in railway workshops and 272 coaches are now in process of construction. 100 improved type of Class III all metal coaches 10 ft. wide equipped with electric fans are on order with the Hindustan Aircraft Ltd. Bangalore. A few of these have already been delivered and are in use on the M. & S. M. Railway. The remainder will be delivered during the year 1949-50. Orders have also been placed for 250 coach body shells with the Wagon Manufacturing Panel and in the U. K. for 112 electric multiple unit suburban coaches for the G.I.P. and B.B. & C.I. Railways. Two hundred and fiftvone Broad Gauge coaches have also been returned by the Ministry of Defence since 1st April 1948. In spite, however, of these steps, the conditions of travelling for Class III passengers still leave great deal to be desired. I can only promise that a continuous drive will be kept up for improving them in every direction. There has been noticeable improvement in train punctuality as a result of a special drive that was initiated. I am talking of percentages. The percentage of trains not losing time is roughly 60 and in a few cases as high as 88. These figures, however, are not a matter for complacent satisfaction but should and will be improved further. A number of steps have been taken to improve in several ways the conditions in which Class III passengers travel. This question has been continuously under our consideration and I am glad to say that some important measures have been taken in this direction. Instructions have been issued to Railways to provide electric fans in third-class waiting halls and covered platforms at important stations and to increase the seating accommodation provided therein. The ensuring of cleanliness of coaching stock and of station premises has been specially stressed. Arrangements have been made for adequate supply of water and certain Railways have introduced a scheme which provides for drinking water and watermen being carried in Class III compartments on long distance trains.

20. In the past more attention was paid to the class in which a passenger travelled than to distance. The more fundamental distinction is that between

long distance and short distance passengers. It has, therefore, been decided to provide special compartments and reserve seats therein for long distance passengers travelling for more than 300 miles. In the matter of service of meals and other attention, it has been enjoined that they should be treated like upper class passengers. In some principal stations a special booking office window for the issue of tickets to such passengers has been opened.

21. In the autumn session of 1947, a suggestion was made that social service workers should be employed to assist Class III passengers at major stations. Most of the Railways have given effect to this suggestion and social guides have been appointed in consultation with recognised social service institutions.

22. Ticketless travelling and the consequent overcrowding have been attacked with vigour during the year and Provincial Governments have whole-heartedly co-operated with the Railways in this matter. In the United Provinces, where the evil had attained serious proportions, the work of 17 platoons of mobile police and 34 Special Magistrates has yielded very encouraging results. During the first nine months of working, some 2-1/2 lakhs of cases were detected and Rs. 8-1/2 lakhs recovered from the culprits. The drive naturally added also to the regular receipts at booking offices.

23. I would like to make a reference in passing to the new re-classification of accommodation in passenger trains, which took effect on the 1st of January last. The congestion which the old Inter Class passenger was the victim of has been somewhat relieved under the new system (*Honourable Members*: Not at all) consequent on the downgrading of a number of old Second Class compartments to this class. Arrangements have been made to reserve seats in new Class II. It has not been possible to provide sleeping accommodation for Class II passengers in all trains, but a beginning has been made and Railway Administrations have been instructed to investigate ways and means of extending this facility. The conversion of all the previously existing stock into stock of the new type requires a large-scale withdrawal of some of the old stock for necessary readjustments and would entail a considerable curtailment of the limited coaching accommodation now available on the line till they were returned from the workshops. To avoid this, some old Second Class compartments were downgraded to new Class II, while others were upgraded to new Class I. This naturally resulted in a difference in the standard of accommodation to which new Class II passengers were entitled, but this particular complaint will only be temporary until conversions have been taken up and completed to new standards. There can be no doubt that the re-classification has evoked a large volume of criticism. Class III passengers have had no benefit from it. Old First Class passengers, who travel in new Class I have definitely benefited. Old Inter passengers who are able to obtain accommodation in old Second Class compartments, converted into new Class II, get better amenities at practically old Inter rates. The old Second Class passenger, if he has to be sure of the same comfort and sleeping accommodation as he was previously entitled to, must go in for a new Class I ticket (*Shri L. Krishnaswami Bharathi*: At what cost?) which means a 50 per cent. increase in his fare. You will admit that I am not concealing anything. If, however, he elects to travel in new Class II, he has to be content with old Inter discomfort without being sure of obtaining sleeping space in all cases. The Railway Administrations have been directed, however, to watch carefully the effects of the new classification and the reactions of the travelling public thereto. The first reports on this subject have been received from General Managers. The period they relate to was, however, too short to base any definite conclusions on. The views expressed are not uniform, though from the purely revenue point of view they do not appear to give much room for anxiety. The matter, however, requires further watching, and I trust that

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the additional facilities which have been ordered to be gradually provided for Class II passengers will, when they are implemented, persuade them to settle down to the new system. It is premature, however, to pronounce a final verdict on the question whether the change that has been brought into effect in deference to the views expressed in this Assembly and in the Central Advisory Council, (*Shri R. K. Sidhva*: "That is not correct.") calls for any reconsideration.

24 Criticism has been loudest against Railways in respect of goods services. I would address this particularly to Mr. Homi Mody. There are bottlenecks in railway transport. But it is well to remember that there are bottlenecks also in other forms of transport and in industry and trade. I am free to confess that Indian Railways in their present condition cannot carry concurrently all the traffic offering. But all essential traffic has, subject to exceptions, been moved in reasonable time having due regard to the conditions that prevail; while all other traffic has been obliged to wait until the needs of essential traffic have been satisfied or to be content with a scramble. The daily average coal loading from January to December 1948 was about four per cent. higher than that during 1947; in November 1948, it was higher than in any month since 1943. In the Iron and Steel industry, despite a decrease in production, despatches during January to December 1948 were higher than those during 1947. The bottleneck in this industry has, in the recent past, been its difficulty in facilitating the clearance of previously accumulated stocks and not the lifting by Railways of current production. But even these stocks are now being moved by planned train loads to the extent that the industry is able to load wagons. The movement of textiles during the period between January and December 1948 was 18 per cent. higher than that during 1947. During the first eleven months of 1948, the movement of cement was nine per cent. more than in the corresponding period of 1947. For the sugar industry, rail transport has been regularly programmed and the sugar factories, despite accumulation of stocks, have not been able to utilise all the transport facilities that were offered to them.

25 So long as rail transport resources fall substantially short of the demand, their rationing and control from the public point of view are inescapable. The Rail Priorities Organisation, with five Regional Controllers assisted by Local Regional Advisory Committees and supervised by a Chief Controller of Priorities at the Centre working in close association with the Railway Executive and the Central Board of Transport, has done and is doing good work. The weekly meetings of the Standing Committee of the Board are of the greatest value in this connection. They ensure coordination between the competing claims of different Ministries for transport. What is more, they serve to keep continuous watch on movements and to detect and to remove bottlenecks in railway transport wherever they occur. The most notable decision of the Board itself was the determination of national priorities. Food movements of course, come first and then industries. The Board decided that full transport facilities should be provided for steel, textiles and cement to start with. A programme for each quarter has to be framed in advance of it and the Standing Committee of the Board prepares movement programmes to implement such targets. The planning for these three industries for the first quarter of 1949 has already been completed and wagon quotas have been fixed so as to ensure that these industries work on the optimum planned level. A new scheme has also been introduced by which an efficient follow up machinery will ensure that every consignment covered by a priority order is assured of movement.

26. It is, I trust, appreciated all round that considerable improvement has been effected in recent months. This has been achieved by special measures

such as careful programming of movements and a steady stepping up of operating efficiency from the low levels to which it had dropped. One of these important steps is the movement of traffic in full train loads. During the month of December 1948, for instance, as many as 329 B.G. specials were run on the different railways. The daily wagon loadings on the B. G. have improved from 9,800 in June 1948 to 11,267 in December. The turnround of wagons over the same period has shown an encouraging decline from 15·03 to 12·21 days. The average speed of goods trains to refer to another aspect, has been registering an upward trend. These are reassuring features in recent railway working, though I concede that a great deal more requires to be achieved before public satisfaction can be extorted. It is not enough in my judgment to meet industy's immediate needs. Industries must be given the confidence that additional calls on transport due to the stepping up of production in existing industries and to the establishment of new industries will be met if and when they come to be made. There is still a considerable gap between the actual demand for transport and the capacity of railways to meet it in full in proper time. The problem of bridging the gap is one of adequacy of power, rolling stock and line capacity.

27. Having regard to the difficult power position and the urgent need to strengthen it, the Chief Commissioner of Railways went to Europe and America during 1948 to seek manufacturing capacity for locomotives to be quickly built to India's specifications. As a result of his visit and on an examination of the quotations of prices and delivery dates, orders have been placed in the U.S.A., Canada, the U.K. and France for 390 locomotives, in addition to 473 previously ordered, making a total of 863 locomotives consisting of 640 B.G., 203 M.G. and 20 N. G. engines. 303 of the total number have been ordered in the U.S.A. 350 in Canada, 190 in the U. K. and 20 in France. 19 B.G. and 33 M.G. locomotives have been received in India by 15th January, 1949. By 31st March next, 120 more B.G. locomotives are expected to be received. The total receipts during the current year will thus amount to 139 B.G. and 33 M.G. locomotives. According to the scheduled delivery dates 202 B.G. and 22 M.G. locomotives are expected to be received in India before the end of September next; 90 B. G. and 91 M.G. locomotives by the end of December and 45 B.G. and 57 M.G. locomotives by March 1950. We hope, therefore, to receive a total of 337 B.G. and 170 M.G. locomotives during 1949-50. Of the balance, 164 B.G. and 16 N.G. locomotives are expected to be received in India during 1950-51 and the remaining 4 M.G. locomotives during 1951-52.

Questions have sometimes been asked as to why loco orders have not been placed in other countries in the world. In order to clarify the problem, it may be stated that three factors governed the placing of orders. Firstly, locos which we require must be built to our specifications. Designs suitable elsewhere do not conform to our standards, and interchangeability in stock is important. Secondly, the price quoted should be competitive, and lastly the delivery dates should be acceptable for our needs.

28. Our dependence primarily on the foreign manufacturer for our locomotives has thus been largely responsible for our present sorry plight in this connection. The Central Legislature has for years demanded the setting up in the country of a locomotive industry of our own. There had been regrettable procrastination in this respect in the past, but I am glad to be able to say that we are making rapid progress in meeting this demand now. At Chittaranjan, 20 miles from Asansol, close to the coal and steel producing areas, work is proceeding in full swing on the erection of the Locomotive Building Workshops designed to manufacture 120 steam locomotives and 50 additional boilers per year. The smaller shops in this factory for the manufacture of components are expected to be ready early in 1950 and the main assembly shop for the production of complete locomotives by early 1951.

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29. For the time being, however, we have to do the best with a shortage of power. Our overaged locomotives on 31st March 1949, both B.G. and M.G., number 1,291 and it will he some time before they are all replaced. Quite apart from the fact that it is uneconomical to maintain obsolesoent types, one has to reckon with engine failures which assumed serious proportions during certain months of 1948 and interfered with punctuality of operation. To add to our difficulties, the efficiency of the periodical overhaul of engines in workshops was impaired by lack of, or inadequate, stocking of spare parts. There had been protracted delays in the placing of orders for and in the receipt of spares both in India and from abroad, and these have had serious repercussions on the maintenance schedules of the workshops. The out-turn in workshops of rolling stock has been adversely affected in consequence. Steps are being taken to minimise avoidable delays in finalising contracts and expediting delivery.

30. As regards wagons, our requirements per annum are of the order of 10,000 in terms of 4-wheelers. Up to 31st December 1948, 2,349 wagons of different types (in terms of 4-wheelers) have been put on the lines. By March 31, 1949, another 485 wagons would come into service. The orders placed in the year amount to 8,600 wagons. The numbers expected to be delivered during 1949-50 are 4,400 wagons. The shift in the traffic flow due to war-time changes in our industrial production and to Bombay having to take over the role of Karachi as the principal port for North India, have stressed the need for increase in line capacity. This matter has received attention. The Delhi-Mathura track is being partially doubled. One fraction of it has already been opened to traffic. An additional line between Budni and Barkhera on the Bhopal-Itarsi section of the G.I.P. Railway is being constructed. As the existing line in this length has steep gradients and requires the use of banking engines, the additional line is being constructed on a separate alignment with flatter grades. The existing line will be used for down traffic without banking engines and the new line will be used for up traffic, also without banking engines. On the B.B. & C.I. Railway, Anand-Barejadi singlt track on the Baroda-Ahmedabad section will soon he doubled. The quadrupling of 52 miles of track between Saktigarh and Sitarampur on the E. I. Railway has already been completed while the doubling between Ekdil and Kanpur is now in progress. Along with line capacity, we have to consider yard capacity as well. For speeding up of traffic, several large yards are being remodelled. The work on the New Delhi yard is nearing completion and that on the Delhi Main Yard will soon be taken in hand. On the O. T. Railway the remodelling of Gonda and Gorakhpur yards is likely to be completed in 1949-50. I will not weary the House with more details.

31. There is, however, one important point to which I should draw the attention of honourable members, namely, that progress in works of the kind referred to and in rehabilitation has been held up by shortage of supplies of steel to Railways. The increased wear and tear and the deferred maintenance of locomotives and other rolling stock have accumulated large arrears of maintenance and repairs. The present supplies of steel to Railways fall far short of the full tonnage required to maintain the repair schedules The short allocation of steel has also placed limits on the actual orders for rolling stock with indigenous manufacturers. For instance, we desired to place orders for 5,080 wagons against annual normal requirements and for an additional 4,500 wagons to meet the industrial needs of the country. Owing, however, to the limited supplies of steel available the orders had to be reduced to 3,500 B. G. wagons representing only about 40 per cent of indigenous capacity. The shortage of steel has affected permanent way maintenance also. The need for the topmost priority being given to demands of steel from Railways to meet their minimum

requirements for essential maintenance and replacement hardly requires stressing.

32. I have already referred to the proposed Locomotive Building Workshops at Chittaranjan now under construction. Railways in this country have experience of work on repaires and maintenance of locomotives. They have little or no experience of the manufacture of locomotives on modern production lines. If, therefore, we are to avoid the very expensive method of learning by mistakes, we require to import specialised technical aid for a temporary period. The Railway Board has now under consideration the possibility of making arrangements with foreign manufacturers for obtaining such technical aid. The intention is to secure the loan of trained technicians for service at our workshops where they would be required to organise the production side as well as to train our men in the technique of production. It may be necessary to get the assistance of any firm with whom an arrangement of this kind is made for producing to a planned scheme such parts of locomotives as we may find it not possible to manufacture at our workshops or elsewhere in India until our own factory comes into full competitive production. It would be necessary for such a firm also to undertake to train, where necessary, our technicians in their own workshops.

33. The Railway Board has, further, under examination at present the whole of the locomotive position on Indian Railways. The normal life of a locomotive is 40 years. The average age of locomotives on the line should be half that figure, namely, 20. At present, the average age of our locomotives is very much higher than that, being about 28 years. This indicates that we have in use more older than younger locomotives on the line. With due regard to the expected delivery dates of locomotives on order and the number and types of locomotives which will become overage by then, it has been calculated that we shall require, without embarrassing our own production, both from our workshops as well as from Tatas, from 400 to 500 more locomotives to be imported. The details, however, have still to be worked out.

34. The House will remember the Silver Arrow model train which was exhibited round India in 1947. Many enquiries have since been received as to when stock of that kind could be seen on Indian Railways. Progress has been made in manufacturing the all-metal light-weight type coach in India. The position at present is that we have prototypes under construction and these will have to be given the various buffing and other tests required before we go in for mass production. The Railway Board has been examining the possibility of establishing for Indian Railways a Central Coach Manufacturing Workshops where such all metal light-weight coach construction could be done with a view to adding to indigenous capacity in this sphere. For this workshop also, as in the case of locomotives manufacture, the Railway Board is considering the question of obtaining technical aid from foreign manufacturers with years of experience of welded all-metal coach building.

35. While presenting the Railway Budgets in November 1947 and February 1948, Dr. Matthai referred to the demands of labour on Railways, particularly in connection with the implementation of the recommendations of the Central Pay Commission. During the year, a Negotiating Committee consisting of representatives of the All-India Railwaymen's Federation and of the Railway Board discussed certain issues arising from the application of the Commission's recommendations. A variety of matters had to be covered during this discussion. Several of them were requests for modification even of the basic recommendations of the Central Pay Commission. At their annual convention at Calcutta, the Federation passed resolutions demanding that there should be no curtailment in Grainshop concessions and drawing attention to certain outstanding points at issue in connection with the Central Pay Commission scales of pay. In November, the General Council of the Federation met at Nagpur

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and decided on the taking of a strike ballot. Towards the end of December, the President of the Federation wrote to me drawing my attention to the clause in the Nagpur resolution expressing the preparedness of the Federation to come to an honourable settlement. In reply I suggested that he might come over and have a discussion with me. During the talks between us last month at Bombay and Delhi, there was a frank exchange of views and we arrived at certain understandings which, I have reason to believe, have cleared the air considerably. As a result, the Federation Executive has now a better appreciation of the policy of Government towards railway labour and its trade union organisations. The General Council of the Federation is timed to meet tomorrow. I trust that good sense will prevail and the decision will be against a railway strike.

36. It is necessary here to refer to Railway Grainshops. In pursuance of the undertaking given at the last Budget session, the Railway Grainshops Enquiry Committee with Shri Mohan Lal Saksena as Chairman and Shri K. Santhanam and Shri Khandubhai Desai as members was appointed to examine the structure of the grainshop organisation, the system of procurement, stocking and distribution and the admissibility of the grainshop concessions to the various categories of railway staff. The Committee was also asked to suggest modifications in the present system which, while retaining the essential benefits of the grainshop scheme, would keep the cost within the limits the Railways could afford. The Report of the Committee was submitted in June and its recommendations were accepted later by Government with only slight modifications. The result was that staff drawing above Rs. 250 were given the full cash dearness allowance payable to other Central Government employees, and an option was given to staff drawing upto Rs. 250 either to continue to enjoy grainshop concessions limited to five essential articles or to give up the concessions in favour of the full cash allowance. Government also offered lump sum payments to those drawing up to Rs. 50 who decided to opt out of the grainshop concessions before 1st January 1949 with a view to enabling them to make suitable adjustments in their domestic budgets. When subsequently Government decided to increase the rates of cash dearness allowance to all Central Government employees drawing upto Rs. 250 by Rs. 10 per mensem, they sanctioned in the case of Railway workers the same allowance of Rs. 10 per mensem for staff drawing up to Rs. 250 with a proviso that in the case of such of the staff as elected to retain grainshop concessions on the restricted scale, the allowance would be only Rs. 5 per mensem. The period for electing to opt out of the Grainshops was extended up to 31st March 1949, and, in the case of those who did so opt out, lump sum payments on the same scale as for those who opted out before the 1st January 1949 were also promised. The new scheme has been brought into operation from the 1st January 1949.

37. Government have no desire other than to deal justly and even generously with labour. The Central Pay Commission scales of pay, the Rajadhyaksha Award, the new rates of pay and allowances to Running Staff, the increases in the dearness allowance which have taken effect from the beginning of this year, all these have added to the financial strain on the Railways, and, therefore, on the community as a whole. It will not help the railwaymen to get their spending power increased when it is unaccompanied by increased production all round. In the circumstances in which we find ourselves placed to-day in the country, there is need for austerity and sacrifice on the part of every section of the community. The Government are committed to a long term policy of raising the standard of life of every one in the country. But a higher standard of life is not a matter merely of higher wages. It is essentially one of higher productivity. The present situation thus offers a challenge to our capacity and sense of responsibility as well as to the objectives that we

must place before ourselves. I have always felt that, in the long run, labour will rise to the height that it should in promoting the welfare of the country as a whole and in avoiding everything that is likely to conflict, with peace and the attainment of that welfare by everybody. I have good reason to think that responsible leaders of Railway labour, including those in the All-India Railwaymen's Federation, are fully alive to the disastrous consequences of taking a decision which will cause direct injury on a colossal scale to the national interest, and I do trust that they will not allow themselves to be misguided and overwhelmed into taking a wrong course by those who attempt to exploit them and their clientele not for legitimate trade union interests but for purposes of self-aggrandizement or of winning political party advantage.

38. The Railways constitute the biggest nationalised industry in the country, and I am one of those who believe that the administration of this industry should be so ordered and developed as to give labour more and more the feeling that it is participating with the management in raising the public service which the industry renders to the community to the maximum, both in quantity and quality. I am keen, therefore, that the conditions of life of railway workers should improve with expedition and, in some respects, radically. The Railway Budget provides for many items of expenditure relating to labour welfare. In spite of the need for economy and the difficulty of obtaining materials at reasonable prices, the Railway Administrations are trying to put up as many houses as possible, especially for those belonging to the lowest income groups amongst the workers. Railway hospitals and dispensaries provide for the railway workers greater facilities for medical relief than are available to the ordinary citizens of India. Other items of expenditure include maternity and child welfare, schools and institutes. It is proposed to review all these activities so that they may be fitted into an effective all-round programme of labour welfare. In order to enable Parliament as well as the railway workers to watch the progress of a scheme of this nature, the question will be examined whether all these items of expenditure cannot from the next year be brought under one demand head as in the case of passenger amenities.

39. The establishment of the most cordial of relations between railway managements and the railwaymen who work with them will be the supreme test of the efficiency of Railway Administrations. Past traditions and present conditions have combined to bring about an atmosphere of apparent conflict and hostility between them. The right of workers to combine for the protection of their interests is undoubted. But, on combining together, Unions and Federations of workers should realise that nothing could be to the real interest of the workers themselves unless it is in unison with the interest of the community as a whole. To exploit trade Unions for political party ends merely is a crime, whoever may resort to it. I desire to appeal to all labour leaders, whatever school of politics they may belong to for other purposes, seriously to consider whether for subserving the real welfare of their primary clients, the general body of workers they should not unite in a common organisation and confine its activities to the realisation of essentially trade union objectives.

40. An important piece of reform was completed during the year with the introduction of a new rating structure on the 1st October 1948. I would not weary the House by giving details of the new system that has been introduced. A new Railway Rates Tribunal will shortly commence to function under the legislation passed last year and will, I hope, be welcomed by the trading community. The need for a more satisfactory machinery to decide disputes in connection with rates than was provided by the Rates Advisory Committee of the past had been pressed for long and the functioning of the Tribunal should go a long way towards satisfying the public that their complaints regarding the making or giving of undue preference in rates or charges or of refusal to quote a station-to-station rate will be looked into and decided finally by an impartial authority.

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41. I would here make an appeal to our trading commuuity for co-operation in the matter of the utilisation and release of wagons. In a number of cases it has been found that indents placed for supply of wagons are cancelled or not fully availed of when they have been complied with after a great deal of effort and programming of movemeuts on the part of the railways. To avoid delays in the release of wagons at starting or destination stations, the Railway Board has recently had to reduce the free time allowed for the levy of demurrage from 9 to 6 hours. This has led to an improvement in wagon loading since last April by 2.71 per cent on the broad guage and 4.74 per cent on the metre gauge as compared with the corresponding period of 1947. It is not a pleasure to be compelled to institute penal measures for what could readily be accomplished with the willing co-operation on the part of traders and businessmen. I wish our Chambers of Commerce and Trades Associations will build up a code of their own of healthy practices in this regard. This is what has been done for many years in the U.K. and the U.S.A. The absence of responsible conduct of this nature has expressed itself iu the enormous accumulation of uncleared consigumeuts, as for instance, was the case in the New Delhi yard. If some businessmen do not clear wagons in time, they are actually depriviog many others of the supply of wagons so essential to the functioning of our economy in a regime of shortages and priorities. I have no hesitation in assuring the commercial community that the Railways will do their utmost to serve their needs. I am sure they appreciate the radical measures adopted recently to clear the arrears of claims which had accumulated during the war and on account of the unsettled conditions of the last two years.

42. The Indian Railway Enquiry Committee concluded its labours during the year and submitted its report to Government early in November last. To my honourable friend Pandit Kunzru, who presided over the Committee, and to his colleagues, I wish to express the Government's obligations for the comprehensive survey of railway problems, the painstaking study of those problems and the recommendations they have made in the Report. These recommendations are individually being processed by a high level Officer on Special Duty with a view to obtaining Government's orders thereon. I need hardly say that Government will give their very best consideration to the recommendations. The Report was sent to the Press soon after its receipt, and printed copies of it will not be available for some days more. I apologise for this delay to the House. I may tell honourable members that two typed copies of this report have been in the Library for some days now. (*An Honourable Member*: You should have given us opportunity to study it before the Budget Session). You have got to depend on the Government Press and they have promised copies only after a few days.

43. I ought to refer to another topic to which reference has been made by the House in recent years, namely, the economic and statistical information relating to railways. The question has a public as well as a domestic importance to railways. Indian Railways have for many years followed a policy that is perhaps unique. There is hardly an aspect of their working—financial, operational, or commercial—on which they do not collect, and cannot supply, full information. All this information is necessary for the purpose of managerial control, to maintain efficiency in working, to keep down uneconomic expenditure and to improve financial results. I am assured that our record in these matters compares very favourably with that of other countries, including even the U.K., the U.S.A. and Canada. The principal defect with us has been that we have not been making as good use of the information that is available as these other countries do. We are instituting measures to bring about a rapid improvement in the present set up, taking into consideration the valuable suggestions made by the Indian Railway Enquiry Committee.

44. What is badly required is the collection and collation in suitable forms of the information we have and its interpretation and correlation with the broad economic trends in the country. This is of vital importance to all those, such as the members of this House, who have to decide, or pronounce on, questions of policy and must, have a correct appraisal of railway working from time to time. We are also strengthening our economic research side. The resources have to be harnessed to suport and promote the economic welfare of the nation. As railways touch the life of the community more intimately than perhaps any other single economic agency, their managements should know as precisely as they can its changing needs, so that the service they render it is adjusted to what is desired. For this, there should be a continuous study in relation to railway working of current trends in industry, agriculture and domestic and foreign trade. Such studies, so common in other countries, should prove to be of great value to our industrialists and businessmen. A beginning on this task will be made in the Budget Year.

45. The Railways offer a wide field for scientific research. The Research Committees of the Indian Railway Conference Association and the Central Standards Office have a fairly good record to their credit in this respect, but it is recognised that there is need for a more comprehensive effort in this direction. The matter is under active consideration.

46. Honourable members are, I know, greatly interested in the problem of the re-grouping of railways in this country. Amongst the nine units of Railway Administrations now in existence, the route mileage in charge of each varies from 1,231 miles on the Assam Railway to 4,457 miles on the B. I. Railway. Their operation ratios vary within fairly wide limits and some of them have been living on the others. Their present geographical distribution has grown haphazardly in some cases and are a product of the history of both State and Company effort in the past. Whether we should interfere with the present grouping at all and, if so, how best to regroup those systems with the assurance of giving satisfaction both territorially and functionally is a problem which bristles with difficulties. The Railway Board and I are studying this problem in all its various aspects. The dimensions of the problem change daily —thanks very largely to my honourable colleague on the left. The political developments in Indian States and Unions of Indian States are at present a disturbing factor in the way of arriving at conclusions which can have any permanence. When, however, the political map of India gets finally settled—as there is every prospect of its doing in the very near future—we should be in a position to re-draw the railway map of India and cut it up into units of Railway Administration, which will ensure both regional and operational efficiency.

47. There is the other problem also of the re-organisation of the internal administrative set up in each unit of Railway Administration. This also is being studied very intensively, but, in a sense, it is linked with the problem of re-grouping. The matter is under active consideration, but, in view of obvious, facts, it seems to me that a hasty decision in respect of this matter should be avoided.

48. Proposals have been made from time to time by Committees and individuals, and quite recently by the Indian Railway Enquiry Committee, regarding the changes that are necessary in the central machinery for controlling this huge nationalised concern. I am giving this problem also my best attention and, while improvements for the purpose of achieving greater efficiency with the present Central set up are being and will be effected, the larger problem of the nature and functions of a Central Railway Executive and of its relations with the Minister and Parliament requires the most careful consideration and such legislation as may be required for altering the existing system might, perhaps, be more wisely introduced in Parliament after the new Constitution comes into force.

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49. In a broadcast, which I made soon after I took over charge of Railways, I said—"On the railways, among the station, goods, train and such like staff, the demand and payment and the offer and acceptance of illegal gratification are almost a tradition, deep rooted and of many decades standing. A determined drive is now on to combat this evil with firmness". The House has always evinced the keenest interest in the putting down of this corruption. The arrangements that exist for achieving this result have been under my continuous consideration and recently I approved of a scheme evolved by the Railway Board under my instructions and after consulting both the Head of the Special Police Establishment and General Managers of Railways. The object of the scheme is to cordinate the activities of the Special Police Establishment and Railway Administrations and to tighten up the executive machinery, both Police and Railways, dealing with the detection and investigation of cases. The main points of the scheme are:

Firstly, Organisations to suit local conditions for the prevention, detection and departmental investigation of corruption on each Railway;

Secondly, merely departmental or procedural irregularities resulting in preferential treatment to traders, travellers, contractors or firms should be ordinarily enquired into and disposed of by the Railway Administration concerned. If, however, there is reason to think that receipt of some monetary or other consideration can be established against the Railway staff concerned with these irregularities, the cases should he handed over to the Special Police Establishment without delay; and

Thirdly, in dealing with cases of corruption departmentally all non-Railway authorities and organisations, however influential they may be commercially or politically, should be entirely excluded.

The House will be interested to know that the number of cases investigated by the Special Police Establishment up to the end of December 1948 was 837, of which 389 cases were sent up for trial to Courts or Tribunals. 282 persons were convicted and 188 acquitted. 163 cases were referred back to Railway Administrations for departmental action. The number of Railway Gazetted Officers implicated was 40. The anti-corruption drive will he continued with the maximum of vigour, and I am glad to be able to tell the House that the officers in key posts on the Railways are quite alive to this and has given evidence of keenness for putting it down.

50. Before I close, I should like to pay a tribute of appreciation to the Chief Commissioner of Railways and his colleagues on the Railway Board, to the officers and staff serving under it, to the Heads of the nine Railway Administrations and the officers and staff serving under them, and particularly to the large body numbering over eight lakhs of Railwaymen for the hard work they have been and are doing as well as for the service they have been rendering to the public under conditions of a certain amount of disorganisation and confusion, for which they certainly could not be saddled with responsibility. The House will, no doubt, join with me in paying this tribute. To honourable members who have served on the Railway Standing Finance Committee and on the Central Advisory Council for Railways, I wish to express my gratitude and that of the Railway Board for the helpful criticism and the willing assistance we have throughout received from them.

51. And that Sir, brings me to the end of my story this afternoon.

The Assembly then adjourned till a Quarter to Eleven of the Clock on Wednesday the 16th February, 1949.